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# Disclosure checklists for corporations : a financial reporting practice aid, Fall 1987 edition

American Institute of Certified Public Accountants. Technical Information Division

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Fall 1987 Edition

# **Disclosure Checklists for Corporations**

**A FINANCIAL REPORTING PRACTICE AID**

**AICPA**

American Institute of Certified Public Accountants



### **Disclosure Supplements for Disclosure Checklists for Corporations**

*Disclosure Supplement for Construction Contractors (Product No. 008450)*  
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*Disclosure Checklists for Savings and Loan Associations (Product No. 008407)*  
*Disclosure Checklists for State and Local Governmental Units (Product No. 008430)*

**Fall 1987 Edition**

# **Disclosure Checklists for Corporations**

## **A FINANCIAL REPORTING PRACTICE AID**

Extracted from the  
AICPA Audit and Accounting Manual  
Nonauthoritative Technical Practice Aids  
(As of October 1987)

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These checklists for corporations have not been approved, disapproved, or otherwise acted upon by any senior technical committees of the American Institute of Certified Public Accountants or the Financial Accounting Standards Board and have no official or authoritative status.

**American Institute of Certified Public Accountants**

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DISCLOSURE CHECKLISTS FOR CORPORATIONS

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The checklists included in this section have been developed by the staff of the Technical Information Division of the AICPA as nonauthoritative technical practice aids. Readers should be aware of the following:

- o The checklists are "tools" and in no way represent official positions or pronouncements of the AICPA.
- o The checklists have been updated through SAS No. 51, SSARS No. 6, FASB Statement of Financial Accounting Standards No. 93, FASB Interpretation No. 38, and FASB Technical Bulletin No. 87-1. The checklists should be modified, as appropriate, for subsequent pronouncements. In determining the applicability of a pronouncement, its effective date should also be considered.
- o The checklists should be used by or under the supervision of persons having adequate technical training and proficiency in the application of generally accepted accounting principles, generally accepted auditing standards, and statements on standards for accounting and review services.
- o The checklists do not represent minimum requirements and do not purport to be all inclusive. The checklists were developed for use in respect of the financial statements of general "for profit" companies and probably will require extensive modification if applied to the financial statements of "not-for-profit" organizations and companies in specialized industries. Section 8500 includes a list of FASB Statements and Interpretations related to specialized industries which are not included in this checklist.

Users of these checklists are urged to refer directly to applicable authoritative pronouncements when appropriate. If you have any further questions, call the AICPA Technical Hotline (see back cover).

John Graves  
Director  
Technical Information Division

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## AAM Section 8100

## Disclosure Checklists--General

.01 Many auditors and accountants find it helpful to use checklists as practice aids in the preparation of financial statements and reports. Some firms have developed their own checklists for internal use, and may also have specialized checklists to meet the needs of their practices, such as checklists for clients in particular industries or clients that report to the SEC. Some state CPA societies have developed checklists as practice aids which may be available to other practitioners as well as to their own members. Some commercial publishers also include checklists in certain of their publications. However, authoritative literature does not require the use of such checklists, nor does it prescribe their format or content, which vary.

.02 Checklists typically consist of a number of brief questions or statements that are accompanied by references to Statements on Auditing Standards, Statements on Standards for Accounting and Review Services, Statements of Financial Accounting Standards, Accounting Principles Board Opinions, and Accounting Research Bulletins. Some checklists also include references to FASB Interpretations and to selected SEC disclosure requirements. The extent of detail included in checklists varies with the judgment of the preparers on how extensively to refer to and highlight authoritative literature without developing a checklist that is too long and unwieldy. Accordingly, checklists may serve as convenient memory aids but cannot be used as a substitute for direct reference to the authoritative literature.

.03 Checklists usually provide for checking off or initialling each question or point to show that it has been considered. The format used in these sections is a typical one; it provides for "yes," "no," and "not applicable" answers and presumes that remarks would be prepared on separate cross-referenced memorandums. Some preparers, however, prefer to include space for remarks in the body of the checklist while others prefer alternative checklist formats. For example, a checklist format may provide for the following set of answers: "not applicable," "not material," "in statements" and "in note" (with provisions for indicating a cross reference to the specific statement caption or note). Another format may provide for only two answers, "disclosed" and "not applicable." Firms and practitioners who develop their own checklists should adopt formats that suit their needs and preferences.

.04 Disclosure checklists are generally accompanied by caveats that include all of the following points:

- o Use of the checklists requires the exercise of individual professional judgment and may likely require some modification based on the circumstances of individual engagements.
- o The checklists are not all inclusive and are not intended to present minimum requirements.
- o Users need to modify the checklists for any pronouncements issued subsequent to those mentioned in the checklist.

If widespread circulation is expected, the preparers also generally stress the nonauthoritative or unofficial status of the checklists and disclaim responsibility for the way they may be used.

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---The next page is 8201.---

## AAM Section 8200

## Auditors' Reports Checklist

.01 This checklist has been developed by the staff of the Technical Information Division of the AICPA as a nonauthoritative practice aid. Accordingly, the notice on page 8001 is incorporated herein by reference.

## .02 Explanation of references:

- SAS = Statement on Auditing Standards  
 (AU) = Reference to section number in  
AICPA Professional Standards  
 (vol. 1) of SAS cited  
 SSARS = Statement on Standards for Ac-  
 counting and Review Services  
 (AR) = Reference to section number in  
AICPA Professional Standards  
 (vol. 2) of SSARS cited

## .03 Checklist Questionnaire

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	<u>Yes</u>	<u>No</u>	<u>N/A</u>
1. Does the auditor's report include appropriate:			
a. Addressee? [SAS 2, par. 8 (AU 509.08)]	___	___	___
b. Date (or dual dates) of the report? [SAS 1, sec. 530 (AU 530); SAS 15, par. 2 (AU 505.02); SAS 26, pars. 15-17 (AU 504.15-.17)]	___	___	___
2. If the auditor is not independent, has the appropriate disclaimer been expressed regard- less of the extent of services provided? [SAS 1, sec. 220 (AU 220)]	___	___	___
a. For a public entity? [SAS 26, pars. 8-10 (AU 504.08-.10)]	___	___	___
b. For a nonpublic entity? [SSARS No. 1, pars. 22 and 38 (AR 100.22 and .38)]	___	___	___

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
3. Does the reporting language conform with the auditor's standard report on:			
a. Financial statements of a single year or period? [SAS 2, par. 7 (AU 509.07)]	—	—	—
b. Comparative financial statements? [SAS 15, par. 3 (AU 505.03)]	—	—	—
4. Does the report include appropriate language in respect of the following:			
a. Report on only one basic financial statement and there are no scope limitations? [SAS 2, par. 13 (AU 509.13)]	—	—	—
b. Report on comparative statements of income, retained earnings and changes in financial position without presentation of the comparative balance sheets for the prior years ended? [SAS 15, par. 3 (AU 505.03)]	—	—	—
c. Part of examination was made by other independent auditors, and the principal auditor is indicating a division of responsibility for the examination in his report? [SAS 1, sec. 543 (AU 543); SAS 2, par. 14 (AU 509.14)]	—	—	—
d. Departure from a promulgated accounting principle when conformity would result in a misleading presentation? [SAS 2, pars. 18-19 (AU 509.18-.19)]	—	—	—
e. Report of a predecessor auditor for prior year has not been included with current comparative financial statements? [SAS 7 (AU 315); SAS 15, pars. 8-12 (AU 505.08-.12)]	—	—	—
f. Updating of a previously issued opinion? [SAS 15, pars. 2 and 6-7 (AU 505.02 and .06-.07)]	—	—	—
g. Comparative financial statements with differing opinions? [SAS 15, par. 5 (AU 505.05)]	—	—	—

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
h. Audited and unaudited financial statements in comparative form? [SAS 26, pars. 14-17 (AU 504.14-.17)]	—	—	—
i. Decision to emphasize a matter? [SAS 2, pars. 9 and 27 (AU 509.09 and .27)]	—	—	—
5. Has a qualified opinion or disclaimer of opinion been expressed if:			
a. Scope limitations precluded application of one or more auditing procedures considered necessary in the circumstances? [SAS 2, pars. 10-13 (AU 509.10-.13); SAS 31, par. 22 (AU 326.23)]	—	—	—
b. The financial statements are affected by material uncertainties concerning future events, the outcome of which is not susceptible of reasonable estimation at the report date? [SAS 2, pars. 21-26 (AU 509.21-.26); SAS 34, pars. 11-13 (AU 340.11-.13); SAS 2, par. 39 as amended by SAS 43, par. 6 (AU 509.39)]	—	—	—
6. Has a qualified opinion or adverse opinion been expressed if the following circumstances are present:			
a. Lack of conformity with generally accepted accounting principles (including inadequate disclosure)? [SAS 2, pars. 15-19 (AU 509.15-.19); SAS 17, par. 15 (AU 328.15); SAS 32, par. 3 (AU 431.03); SAS 34, par. 11 (AU 340.11)]	—	—	—
b. Departure from consistent application of accounting principles? [SAS 1, sec. 546 (AU 546)]	—	—	—
7. If a qualified opinion, adverse opinion, or disclaimer of opinion is expressed:			
a. Are all the substantive reasons for the opinion or disclaimer disclosed? [SAS 2, pars. 32, 42 and 45 (AU 509.32, .42 and .45)]	—	—	—
b. Is the reporting language clear and appropriate for the—			



	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(1) Qualified opinion? [SAS 2, pars. 29-40 as amended by SAS 43, par. 6 (AU 509.29-.40)]	—	—	—
(2) Adverse opinion? [SAS 2, pars. 41-44 (AU 509.41-.44)]	—	—	—
(3) Disclaimer of opinion? [SAS 2, pars. 45-47 (AU 509.45-.47)]	—	—	—
8. Does the report include modification, if applicable, for the following:			
a. Conditions that precluded application of necessary auditing procedures to opening inventories and/or long-term investments? [SAS 1, sec. 542.05-.06 (AU 542.05-.06)]	—	—	—
b. Regulated companies? [SAS 1, sec. 544.02-.04 (AU 544.02-.04); SAS 14, pars. 2-8 (AU 621.02-.08)]	—	—	—
c. Inadequate disclosure? [SAS 1, sec. 545 (AU 545)]	—	—	—
d. First examination--inadequate financial records or client-imposed limitations? [SAS 1, sec. 546.15-.16 (AU 546.15-.16)]	—	—	—
e. Client representations about related party transactions? [SAS 45, par. 2 (AU 334.12)]	—	—	—
f. Client's refusal to provide written representation? [SAS 19, par. 11 (AU 333.11)]	—	—	—
g. Limitations on scope of lawyer's response? [SAS 12, pars. 12-14 (AU 337.12-.14)]	—	—	—
h. Unresolved matters involving specialists? [SAS 11, par. 9 (AU 336.09)]	—	—	—
i. Scope limitation concerning errors or irregularities? [SAS 16, par. 14 (AU 327.14)]	—	—	—
j. Illegal acts by clients? [SAS 17 (AU 328)]	—	—	—

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
k. [Reserved]			
l. Segment information? [SAS 21 (AU 435)]	—	—	—
m. Entity's continued existence? [SAS 34, pars. 11-13 (AU 340.11-.13)]	—	—	—
n. Material misstatement of the financial statements? [SAS 47, par. 31 (AU 312.31)]	—	—	—
o. Financial statements issued before the effective date of a Statement of Financial Accounting Standards when disclosure is not made of the effect of a restatement which will be required in the future as a result of the FASB Statement? [Interpretation 3 of SAS 1, sec. 410 (AU 9410.13-.15)]	—	—	—
9. Has a piecemeal opinion been avoided? [SAS 2, par. 48 (AU 509.48); SAS 14, par. 12 (AU 621.12)]	—	—	—
10. For special reports, have the provisions of SAS 14 and SAS 35 been complied with:			
a. Statements prepared in accordance with a comprehensive basis of accounting other than generally accepted accounting principles? [SAS 14, pars. 2-8 (AU 621.02-.08)]	—	—	—
b. Specified elements, accounts or items of a financial statement? [SAS 14, pars. 9-14 (AU 621.09-.14); SAS 35 (AU 622)]	—	—	—
c. Compliance with aspects of agreements or regulatory requirements relating to audited financial statements? [SAS 14, pars. 18-19 (AU 621.18-.19)]	—	—	—
d. Financial information that requires a prescribed form of auditor's report? [SAS 14, pars. 20-21 (AU 621.20-.21)]	—	—	—
11. If information is to accompany the basic financial statements and auditor's report in an auditor- submitted document:			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. Is there a clear distinction between the client's representations and auditor's representations? [SAS 29, par. 20 (AU 551.20)]	—	—	—
b. Does the auditor's report on the accompanying information:			
(1) State that the examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole?	—	—	—
(2) Specifically identify the accompanying information?	—	—	—
(3) State that the accompanying information is presented for purposes of analysis and is not part of the basic financial statements?	—	—	—
(4) State whether the additional information has been subjected to the auditing procedures applied in examining the basic financial statements and the appropriate expression or disclaimer? [SAS 29, pars. 6-11 (AU 551.06-.11)]	—	—	—
12. If an auditor-submitted document with accompanying information (long-form report) is co-existing with a document that includes just the basic financial statements and auditor's report:			
a. Do the basic financial statements in all co-existing documents consistently include all the information necessary for a fair presentation in conformity with generally accepted accounting principles? [SAS 29, par. 21 (AU 551.21)]	—	—	—
b. Are any additional comments or explanations by the auditor consistent with the description of the scope of the examination in the auditor's standard (or modified) report? [SAS 29, par. 20 (AU 551.20)]	—	—	—

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
13. If the document contains interim financial information, has the auditor's report been expanded if required? [SAS 36, pars. 24-30 (AU 722.24-.30)]	—	—	—
14. If supplementary information required by the FASB is presented outside the basic financial statements in an auditor-submitted document, has an opinion been disclaimed on such information unless it has been audited? [SAS 29, par. 7 (AU 551.07); SAS 27, pars. 8 and 11 (AU 553.08 and .11)]	—	—	—
15. If the client is subject to FASB requirements to include certain supplementary information in documents containing audited financial statements, has the auditor's report been appropriately modified if:			
a. Required supplementary information is omitted?	—	—	—
b. Measurement or presentation of the supplementary information departs materially from guidelines prescribed by the FASB?	—	—	—
c. The auditor is unable to complete the procedures prescribed by SAS 27 and, if applicable:			
(1) SAS 28, par. 4 (AU 554.04) for supplementary information on the effects of changing prices?	—	—	—
(2) SAS 45, par. 3 (AU 557.05) for supplementary oil and gas reserve information?	—	—	—
[SAS 27, pars. 8-11 (AU 553.08-.11)]			
16. If a report on internal accounting control is to be issued <sup>1</sup> is the appropriate form used for:			

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<sup>1</sup>Material weaknesses in internal accounting control that have not been corrected before they come to the auditor's attention must be communicated, preferably in writing, to senior management and the board of directors or its audit committee. [SAS 20, par. 4 (AU 323.04)]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. Expression of an opinion on the entity's system of internal accounting control in effect as of a specified date or during a specific period of time? [SAS 30, pars. 37-46 (AU 642.37-.46)]	—	—	—
b. Report for restricted use of management, specified regulatory agencies, or other specified third parties based solely on a study and evaluation made as part of an audit of financial statements but not sufficient for expressing an opinion on the system? [SAS 30, pars. 47-53 (AU 642.47-.53)]	—	—	—
c. Report on all or part of an entity's system for restricted use of management or specified regulatory agencies, based on the regulatory agencies' pre-established criteria? [SAS 30, pars. 54-59 (AU 642.54-.59)]	—	—	—
d. Other special purpose reports on all or parts of the entity's system for restricted use of management, specified regulatory agencies, or other specified third parties? [SAS 30, pars. 60-61 (AU 642.60-.61); SAS 44, pars. 35, 41 and 46 (AU 324.35, .41 and .46)]	—	—	—
17. If reporting in a client-prepared document on condensed financial statements (either for an annual or an interim period) that are derived from audited financial statements of a public entity that is required to file, at least annually, complete audited financial statements with a regulatory agency, does the auditor's report indicate:			
a. That he has examined and expressed an opinion on the complete financial statements?	—	—	—
b. The date of his report on the complete financial statements?	—	—	—
c. The type of opinion expressed?	—	—	—



	<u>Yes</u>	<u>No</u>	<u>N/A</u>
d. Whether, in his opinion, the information set forth in the condensed financial statements is fairly stated in all material respects in relation to the complete financial statements from which it has been derived? [SAS 42, par. 5 (AU 552.05)]	—	—	—
18. If a statement that names the auditor and also states that condensed financial statements have been derived from audited financial statements is made in a client-prepared document that does not include audited financial statements and the client is not a public entity that is required to file complete audited financial statements with a regulatory agency, at least annually, does the auditor's report express an adverse opinion on the condensed financial statements because of inadequate disclosure? [SAS 2, par. 17 (AU 509.17); SAS 42, par. 7, footnote 6 (AU 552.07, footnote 6)]	—	—	—
19. If reporting on selected financial data that are included in a client-prepared document that contains audited financial statements (or, with respect to a public entity, that incorporates such statements by reference to information filed with a regulatory agency) and that are derived from audited financial statements, does the auditor's report indicate the following:			
a. That he has examined and expressed an opinion on the complete financial statements?	—	—	—
b. The type of opinion expressed?	—	—	—
c. The specific data on which he is reporting?	—	—	—
d. Whether, in his opinion, the information set forth in the selected financial data is fairly stated in all material respects in relation to the complete financial statements from which it has been derived? [SAS 42, par. 9 (AU 552.09)]	—	—	—

Yes   No   N/A

20. If the selected financial data for any of the years presented are derived from financial statements that were examined by another independent auditor, does the auditor's report on the selected financial data state that fact and express a disclaimer of opinion on that data?  
[SAS 42, par. 9 (AU 552.09)]
21. If a U.S.-style report is modified to report on financial statements prepared in conformity with accounting principles generally accepted in another country that are intended for use only outside the United States, does the auditor's report:
- a. Identify the financial statements examined?
  - b. Refer to the note to the financial statements that describes the basis of presentation of the financial statements on which the auditor is reporting, including identification of the nationality of the accounting principles?
  - c. State that the examination was made in accordance with the auditing standards generally accepted in the United States (and, if appropriate with the auditing standards of the other country)?
  - d. Include a paragraph that expresses the auditors' opinion (or disclaims an opinion) on the following:
    - (1) Whether the financial statements are presented in conformity with the basis of accounting described?<sup>2</sup>
    - (2) Whether the disclosed basis of accounting used has been applied in a consistent manner?
- [SAS 51, par. 9 (AU 534.09)]

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<sup>2</sup>If the auditor concludes that the financial statements are not presented fairly on the basis of accounting described, all of the substantive reasons for that conclusion would be disclosed in an additional explanatory paragraph(s) of the report, and the opinion paragraph should include appropriate modifying language as well as a reference to the explanatory paragraph(s). [SAS 51, par. 9 (AU 534.09)]

- |  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 22. If an independent auditor uses the auditor's standard report of another country when reporting on financial statements prepared for use in that country:   |            |           |            |
| a. Would such a report be used by auditors in that country in similar circumstances?   | —          | —         | —          |
| b. Does the auditor understand, and is he in a position to make, the attestations contained in such a report based on his knowledge of applicable legal responsibilities, in addition to the auditing standards and the accounting principles generally accepted in that country?  | —          | —         | —          |
| c. Has the auditor considered consulting with persons having expertise in the audit reporting practices of that country to attain the understanding needed to issue that country's standard report?<br>[SAS 51, pars. 11-12 (AU 534.11-.12)]   | —          | —         | —          |
| 23. If a U.S. entity has prepared financial statements with U.S. generally accepted accounting principles (GAAP) and accounting principles generally accepted in another country, has the auditor included, in one or both reports, a statement that another report has been issued on the financial statements for the entity that has been prepared in accordance with accounting principles generally accepted in another country, with reference to a note describing significant differences between the accounting principles used and U.S. GAAP?<br>[SAS 51, par. 13 (AU 534.13)] | —          | —         | —          |
| 24. If reporting on the fair presentation of financial statements prepared in conformity with the accounting principles generally accepted in another country that will have more than limited distribution in the United States, has the auditor:   |            |           |            |

Yes   No   N/A

- |  |                        |
|--|------------------------|
| <p>a. Used the U.S. standard form of report [see SAS No. 2, par. 7 (AU 509.07)], modified as appropriate (AU 509.15-.17) because of departures from accounting principles generally accepted in the United States?<sup>3</sup></p>   | <p>___   ___   ___</p> |
| <p>b. Expressed an opinion, in a separate paragraph, on whether the financial statements are presented in conformity with accounting principles generally accepted in another country?<br/>[SAS 51, par. 14 (AU 534.14)]</p>   | <p>___   ___   ___</p> |
| <p>25. If reporting on the same set of financial statements prepared in conformity with accounting principles generally accepted in another country, that will have more than limited distribution in the United States, has the guidance in No. 21 above been followed for distribution outside the United States and No. 24 above for distribution in the United States?<br/>[SAS 51, par. 15 (AU 534.15)]</p> | <p>___   ___   ___</p> |

---The next page is 8301.---

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<sup>3</sup>This does not apply to reports on financial statements of U.S. subsidiaries of foreign registrants presented in SEC filings of foreign parent companies where the subsidiaries' financial statements have been prepared on the basis of accounting principles used by the parent company.  
[SAS 51, par. 14, footnote 2 (AU 534.14, footnote 2)]

## AAM Section 8300

Accountants' Reports on Compiled or  
Reviewed Financial Statements of  
Nonpublic Entities Checklist<sup>1</sup>

.01 This checklist has been developed by the staff of the Technical Information Division of the AICPA as a nonauthoritative practice aid. Accordingly, the notice on page 8001 is incorporated herein by reference.

.02 Explanation of references:

SSARS = Statement on Standards for Accounting  
and Review Services

(AR) = Reference to section number in AICPA  
Professional Standards (vol. 2) of  
SSARS cited

.03 Checklist Questionnaire

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	<u>Yes</u>	<u>No</u>	<u>N/A</u>
1. Is the report appropriately worded?	___	___	___
a. For compiled financial statements does the report state that:			
o A compilation has been performed in accordance with standards established by the American Institute of Certified Public Accountants?	___	___	___

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<sup>1</sup>A nonpublic entity is any entity other than (a) one whose securities trade in a public market either on a stock exchange (domestic or foreign) or in the over-the-counter market, including securities quoted only locally or regionally, (b) one that makes a filing with a regulatory agency in preparation for the sale of any class of its securities in a public market, or (c) a subsidiary, corporate joint venture, or other entity controlled by an entity covered by (a) or (b) [SSARS No. 2, par. 1 (AR section 200.01)]. This matter is discussed further in Accounting and Review Services Interpretation No. 2 of SSARS No. 1, "Financial Statements Included in SEC Filings," (AR section 9100.03-.05).



	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<ul style="list-style-type: none"> <li>o A compilation is limited to presenting in the form of financial statements information that is the representation of management (owners)? [See SSARS No. 3, par. 3 (AR 300.03) for different wording that may be used when the financial statements are included in a prescribed form and the form or related instructions call for departure from generally accepted accounting principles.]</li> </ul>	—	—	—
<ul style="list-style-type: none"> <li>o The financial statements have not been audited or reviewed and, accordingly, the accountant does not express an opinion or any other form of assurance on them?</li> </ul>	—	—	—
[SSARS No. 1, par. 14 (AR 100.14); SSARS No. 5, par. 1 (AR 500.01)]			
b. For reviewed financial statements does the report state that:			
<ul style="list-style-type: none"> <li>o A review was performed in accordance with standards established by the American Institute of Certified Public Accountants?</li> </ul>	—	—	—
<ul style="list-style-type: none"> <li>o All information included in the financial statements is the representation of the management (owners) of the entity?</li> </ul>	—	—	—
<ul style="list-style-type: none"> <li>o A review consists principally of inquiries of company personnel and analytical procedures applied to financial data?</li> </ul>	—	—	—
<ul style="list-style-type: none"> <li>o A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole and, accordingly, no such opinion is expressed?</li> </ul>	—	—	—
<ul style="list-style-type: none"> <li>o The accountant is not aware of any material modification that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles or, where applicable, with</li> </ul>			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
another comprehensive basis of accounting, other than those modifications, if any, indicated in his report?	_____	_____	_____
[SSARS No. 1, par. 32 (AR 100.32)]			
c. For both compiled and reviewed financial statements, does the report exclude a description of any other procedures that the accountant might have performed before or during the engagement?	_____	_____	_____
[SSARS No. 1, pars. 14 & 32 (AR 100.14 & .32)]			
2. For compiled financial statements that contain departures <sup>2</sup> from generally accepted accounting principles or, where applicable, another comprehensive basis of accounting:			
a. If the departure is the omission in compiled financial statements of substantially all required disclosures does the accountant's report clearly indicate such omission?	_____	_____	_____
[SSARS No. 1, pars. 19 & 21 (AR 100.19 & .21)]			
b. If compiled financial statements that omit substantially all of the disclosures required by generally accepted accounting principles include disclosures about only a few matters in the form of notes to such financial statements, are such disclosures labeled "Selected Information—Substantially All Disclosures Required by Generally Accepted Accounting Principles (or, where applicable, another comprehensive basis of accounting) Are Not Included"?	_____	_____	_____
[SSARS No. 1, par. 19 (AR 100.19)]			

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<sup>2</sup>Other than departures required by a prescribed form or related instructions when the accountant issues a SSARS No. 3 [AR 300] compilation report on financial statements included in a prescribed form.

Yes   No   N/A

- c. If compiled financial statements that omit substantially all required disclosures are prepared on a basis of accounting other than generally accepted accounting principles, and if such financial statements do not include disclosure of the basis of accounting used, does the accountant's report disclose the basis of accounting?

\_\_\_\_\_

[SSARS No. 1, par. 20 (AR 100.20)]

- d. If compiled financial statements contain another departure from generally accepted accounting principles or, where applicable, another comprehensive basis of accounting, did the accountant modify his report to disclose the departure?

\_\_\_\_\_

[SSARS No. 1, par. 39 (AR 100.39)]

- (1) If yes, did the accountant's modified report disclose the departure in a separate paragraph?

\_\_\_\_\_

[SSARS No. 1, par. 40 (AR 100.40)]

- (2) If the effects of the departure on the financial statements have been determined by management or are known as a result of the accountant's procedures, are these effects also disclosed in the modified report?

\_\_\_\_\_

[SSARS No. 1, par. 40 (AR 100.40)]

- (3) If the effects of the departure on the financial statements have not been determined, has the accountant stated this in his report?

\_\_\_\_\_

[SSARS No. 1, par. 40 (AR 100.40)]

3. For reviewed financial statements, that contain departures from generally accepted accounting principles or, where applicable, another comprehensive basis of accounting (including the omission of required disclosures), did the accountant modify his report to disclose the departure?

\_\_\_\_\_

[SSARS No. 1, par. 39 (AR 100.39)]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. If yes, did the accountant's modified report disclose the departure in a separate paragraph?	_____	_____	_____
[SSARS No. 1, par. 40 (AR 100.40)]			
b. If the effects of the departure on the financial statements have been determined by management or are known as a result of the accountant's procedures, are these effects also disclosed in the modified report?	_____	_____	_____
[SSARS No. 1, par. 40 (AR 100.40)]			
c. If the effects of the departure on the financial statements have not been determined, has the accountant stated this in his report?	_____	_____	_____
[SSARS No. 1, par. 40 (AR 100.40)]			
4. If the accountant is not independent with respect to the entity for which he has compiled financial statements, did the accountant state in the last paragraph of his report, "I am (we are) not independent with respect to XYZ Company"? (The accountant is precluded from issuing a review report on the financial statements of an entity with respect to which he is not independent.)	_____	_____	_____
[SSARS No. 1, pars. 22 & 38 (AR 100.22 & .38)]			
5. Is the report dated?	_____	_____	_____
6. a. Does each page of the financial statements compiled by the accountant include a reference such as "See Accountant's Compilation Report"?	_____	_____	_____
[SSARS No. 1, par. 16 (AR 100.16)]			
or			
b. Does each page of the financial statements reviewed by the accountant include a reference such as "See Accountant's Review Report"?	_____	_____	_____
[SSARS No. 1, par. 34 (AR 100.34)]			

Yes   No   N/A

7. When accompanying information is presented with the financial statements, did the accountant clearly indicate his degree of responsibility with respect to such information as follows:

- a. If the basic financial statements were reviewed, was the degree of responsibility disclosed in the report or in a separate report on the other data that states:
  - o The review has been made primarily for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles or, where applicable, another comprehensive basis of accounting, and either:
 

\_\_\_\_\_
  - o The other data accompanying the financial statements are presented only for supplementary analysis purposes and have been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and the accountant did not become aware of any material modifications that should be made to such data, or
 

\_\_\_\_\_
  - o The other data accompanying the financial statements are presented only for supplementary analysis purposes and have not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but were compiled from information that is the representation of management, without audit or review, and the accountant does not express an opinion or any other form of assurance on such data?
 

\_\_\_\_\_

[SSARS No. 1, par. 43 (AR 100.43)]



	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. If the accountant has compiled both the basic financial statements and other data which is presented for supplementary analysis purposes, does the compilation report also include the other data?	___	___	___
[SSARS No. 1, par. 43 (AR 100.43)]			
8. If an audit engagement has been changed to a review or compilation, does the report omit reference to: a) the original engagement, b) any auditing procedures that may have been performed, c) any scope limitation that resulted in the changed engagement?	___	___	___
[SSARS No. 1, par. 49 (AR 100.49)]			
9. If comparative financial statements are presented, does the accountant's report cover each period presented?	___	___	___
[SSARS No. 2, par. 2 (AR 200.02)]			
10. Is the report appropriate for the current status of the entity?	___	___	___
[SSARS No. 2, pars. 31-32 (AR 200.31-.32)]			
11. Does each page of the comparative financial statements compiled or reviewed include a reference such as "See Accountant's Report"?	___	___	___
[SSARS No. 2, par. 6 (AR 200.06)]			
12. If compiled financial statements which omit substantially all of the disclosures required by generally accepted accounting principles are included among the comparative financial statements, do all the periods presented also omit such disclosures and does the accountant's compilation report include an additional paragraph which indicates:			
o The nature of the previous service rendered (compilation, review or audit)?	___	___	___
o Date of the previous report?	___	___	___

Yes   No   N/A

- o Appropriate language in accordance with SSARS No. 1, paragraphs 19-20 and SSARS No. 2, paragraph 30?

\_\_\_\_\_

[SSARS No. 1, pars. 19-21 (AR 100.19-.21); SSARS No. 2, pars. 5 & 29-30 (AR 200.05 & .29-.30)]

13. If the level of service performed by the continuing accountant on the current-period financial statements is the same or higher than that performed on the financial statements of the prior period presented, has the continuing accountant's report on the prior period been updated?

\_\_\_\_\_

[SSARS No. 2, pars. 8-10 (AR 200.08-.10)]

14. If the level of service performed by the continuing accountant on the current-period financial statements is lower than that performed on the financial statements of the prior period presented:

- a. Does the report on the current period include a separate paragraph which describes the responsibility assumed for the prior period?

\_\_\_\_\_

or

- b. Is the report on the current period accompanied by or combined with a reissued report on the financial statements of the prior period presented?

\_\_\_\_\_

[SSARS No. 2, pars. 8 & 11-12 (AR 200.08 & .11-.12)]

15. If the report requires a changed reference to a departure from generally accepted accounting principles regarding the prior period presented, does the explanatory paragraph in the report include:

- o The date of the previous report?
- o Description of the circumstances or events underlying the change?

\_\_\_\_\_

\_\_\_\_\_

Yes No N/A

- o Indication, if applicable, that the prior-period financial statements have changed?

\_\_\_\_\_

[SSARS No. 2, pars. 14-15 (AR 200.14-.15)]

16. If the predecessor accountant does not reissue his compilation or review report on the prior-period financial statements, has the successor:

- a. Made appropriate reference in his report to the predecessor's report in accordance with SSARS No. 2?

**Abstract**

or

- b. Performed a compilation, review, or audit of the statements of the prior period and reported on them accordingly?

\_\_\_\_\_

[SSARS No. 2, pars. 16-19 (AR 200.16-.19)]

17. If the financial statements of the prior period presented have been changed, has the predecessor or successor reported on them as presented?

\_\_\_\_\_

[SSARS No. 2, pars. 25-26 (AR 200.25-.26)]

18. If the current-period financial statements were compiled or reviewed and the financial statements of the prior period presented were audited and the audit report has not been reissued, does the current-period report include a separate paragraph which contains the following:

- o Statement that the prior-period financial statements were examined previously?

\_\_\_\_\_

- o Date of the previous report?

\_\_\_\_\_

- o Type of opinion expressed previously?

- o If the opinion was other than unqualified, the substantive reasons therefor?

\_\_\_\_\_

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
o That no auditing procedures were performed after the date of the previous report?	_____	_____	_____

[SSARS No. 2, par. 28 (AR 200.28)]

[For guidance on situations when the current period is audited and the prior period is compiled or reviewed, see Statement on Auditing Standards No. 26 (AU 504).]

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---The next page is 8401.---

## AAM Section 8400

Financial Statements and  
Notes Checklist

.01 This checklist has been developed by the staff of the Technical Information Division of the AICPA as a nonauthoritative practice aid. Accordingly, the notice on page 8001 is incorporated herein by reference.

.02 Explanation of references:

- ARB = Accounting Research Bulletin
- APB = Accounting Principles Board Opinion
- SFAS = Statement of Financial Accounting Standards
- SAS = Statement on Auditing Standards
- FASBI = Financial Accounting Standards Board Interpretation
- TB = Technical Bulletin issued by the staff of the FASB<sup>1</sup>
- (AC) = Reference to section number in FASB Accounting Standards Current Text
- (AU) = Reference to section number in AICPA Professional Standards (vol. 1) of SAS cited

.03 This checklist is organized into the following classifications:

o General

- A. Titles and References
- B. Disclosure of Accounting Policies
- C. Accounting Changes
- D. Comparative Financial Statements
- E. Business Combinations
- F. Consolidations
- G. Related Party Transactions and Economic Dependency
- H. Foreign Currency
- I. Nonmonetary Transactions
- J. Contingencies and Commitments
- K. Subsequent Events
- L. Pension Plans
- M. Development Stage Enterprises
- N. Futures Contracts
- O. Other Matters

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<sup>1</sup>The FASB staff issues FASB Technical Bulletins to provide guidance concerning the application of FASB Statements or Interpretations, APB Opinions, or Accounting Research Bulletins. FASB Technical Bulletins do not establish new financial accounting and reporting standards or amend existing standards.

o Balance Sheet

- A. General
- B. Cash
- C. Marketable Securities
- D. Receivables
- E. Inventories
- F. Investments
- G. Property and Equipment
- H. Lessors
- I. Other Assets and Deferred Charges
- J. Current Liabilities
- K. Notes Payable and Other Debt
- L. Lessees
- M. Other Liabilities and Deferred Credits
- N. Stockholders' Equity
- O. Changes in Stockholders' Equity

o Income Statement

- A. Revenue and Expenses
- B. Income Taxes
- C. Discontinued Operations
- D. Extraordinary Items
- E. Other

o Statement of Changes in Financial Position

- A. Format
- B. Content

o Exhibit A—Pensions

Yes   No   N/A

.04 General

A. Titles and References

- |   |   |   |   |
|---|---|---|---|
| 1. Are the financial statements suitably titled?<br>[SAS 14, par. 7 (AU 621.07)]  | — | — | — |
| 2. Does each statement include a general reference to the notes that are an integral part of the financial statement presentation?<br>[APB Statement 4, Ch. 2, par. 10] | — | — | — |
| 3. Are the notes referenced to and from the applicable statement classification or appropriately captioned?<br>[APB Statement 4, Ch. 2, par. 10]                        | — | — | — |

Yes   No   N/A

B. Disclosure of Accounting Policies

1. Is a description of all significant accounting policies of the reporting entity presented as an integral part of the financial statements?  
[APB 22, par. 8 (AC A10.102)]
2. Does disclosure of significant accounting policies encompass important judgments as to appropriateness of principles concerning recognition of revenue, and allocation of asset costs to current and future periods?  
[APB 22, par. 12 (AC A10.105);  
TB 82-1, par. 4 (AC I28.510)]
3. Does the disclosure of significant accounting policies include appropriate reference to details presented elsewhere (in the statements and notes thereto) so duplication of details is avoided?  
[APB 22, par. 14 (AC A10.107)]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

C. Accounting Changes

1. For an accounting change does disclosure in the period of the change include:
  - a. Nature of the change?
  - b. Justification for the change including a clear explanation why the newly adopted principle is preferable?
  - c. Effect on income?  
[APB 20, par. 17 (AC A06.113)]
2. Have the applicable AICPA Statements of Position and Guides listed in Appendix A to SFAS 83 (AC section A06 Exhibit 112A) been considered in justification of a change in accounting principle?  
[SFAS 32, pars. 10-11 (AC A06.112);  
APB 20, par. 16 (AC A06.112); SFAS 83, pars. 5-6 (AC A06.112)]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
3. For all changes in accounting principle, except those concerning a change in entity:			
a. Are financial statements included for prior periods, for comparative purposes, as previously reported?	___	___	___
b. Is the effect of the new accounting principle on income before extraordinary items and on net income and the related earnings per share amount disclosed in the period of the change?	___	___	___
c. Is income before extraordinary items and net income computed on a pro forma basis shown on the face of the income statements for all periods presented as if the newly adopted accounting principle had been applied during all periods affected?	___	___	___
[APB 20, pars. 19, 21 & 25 (AC A06.115d, .117 and .121)]			
4. If appropriate, is the cumulative effect of a change in accounting principle shown separately between the captions "extraordinary items" and "net income"?	___	___	___
[APB 20, pars. 18-26 (AC A06.114-.122 and E09.104)]			
5. If prior periods are presented, are they restated for the following special changes in accounting principles:			
a. Change from LIFO method of inventory pricing to another method?	___	___	___
b. Change in method of accounting for long-term construction-type contracts?	___	___	___
c. Change to or from the full cost method of accounting in extractive industries?	___	___	___
[APB 20, pars. 27-28 (AC A06.123-.124)]			



Yes   No   N/A

6. Is the correction of an error shown as a prior period adjustment with disclosure of the following in the period of its discovery and correction:

a. Nature of the error in previously issued financial statements?

\_\_\_\_\_

b. Effect of its correction on income before extraordinary items, net income and related per share amounts?

\_\_\_\_\_

[APB 20, pars. 36-37 (AC A35.105);  
SFAS 16, par. 11 (AC A35.103)]

#### D. Comparative Financial Statements

1. Have comparative statements been considered?

\_\_\_\_\_

[ARB 43, Ch. 2A, pars. 1-2  
(AC F43.101-.102)]

2. Are the notes and other disclosures included in the financial statements of the preceding year(s) presented, repeated or at least referred to, to the extent that they continue to be of significance?

\_\_\_\_\_

[ARB 43, Ch. 2A, par. 2 (AC F43.102)]

3. If changes have occurred in the manner of or basis for presenting corresponding items for two or more periods, are appropriate explanations of the changes disclosed?

\_\_\_\_\_

[ARB 43, Ch. 2A, par. 3 (AC F43.103)]

#### E. Business Combinations

1. If a business combination occurred during the period and met the specified conditions for a pooling of interests [APB 16, pars. 45-48 (AC B50.104-.107)]:

a. Has the required accounting method been applied?

\_\_\_\_\_

[APB 16, pars. 50-62 (AC B50.109-.121)]

b. Do the statements and notes include the required disclosures?  
[APB 16, pars. 63-65 (AC B50.122-.124)]

\_\_\_\_\_

- |  | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 2. If a business combination does not meet the specified conditions for a pooling of interests:  |            |           |            |
| a. Has the combination been accounted for by the purchase method?<br>[APB 16, pars. 66-94<br>(AC B50.125-.147 and .159-.163);<br>SFAS 38 (AC B50.148-.150 and .166);<br>TB 81-2, par. 4 (AC B50.650); FASBI 4<br>(AC B50.151-.152) concerns research<br>and development activities of an<br>acquired subsidiary] | —          | —         | —          |
| b. Do the statements and notes include the required disclosures?<br>[APB 16, pars. 95-96 (AC B50.164-.165);<br>SFAS 79, pars. 4-6 (AC B50.165)]  | —          | —         | —          |

#### F. Consolidations

- |   |   |   |   |
|---|---|---|---|
| 1. If consolidated statements are presented:  |   |   |   |
| a. Is the consolidation policy disclosed?<br>[ARB 51, par. 5 (AC C51.108);<br>APB 22, par. 13 (AC A10.106)]   | — | — | — |
| b. Are intercompany balances and transactions eliminated?<br>[ARB 51, par. 6 (AC C51.109<br>and Re6.110)]   | — | — | — |
| c. In instances when the financial reporting periods of subsidiaries differ from that of the parent, is recognition given to the effect of intervening events that materially affect financial position or the results of operations?<br>[ARB 51, par. 4 (AC C51.107);<br>SFAS 12, pars. 18-20<br>(AC I89.112-.114);<br>FASBI 13 (AC I89.120-.122)] | — | — | — |
| 2. Are the accounts of subsidiaries whose principal business activity is leasing property or facilities to the parent or other affiliated companies consolidated?<br>[SFAS 13, par. 31 (AC L10.127)]  | — | — | — |

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
3. Are current and noncurrent marketable equity securities portfolios of consolidated entities treated as single current and noncurrent consolidated portfolios? [SFAS 12, pars. 9 & 15 (AC I89.103 and .109)]	—	—	—
4. If the parent company includes realized gains or losses of marketable securities in net income and a consolidated subsidiary does not, has the subsidiary's accounting treatment for marketable securities been conformed with that of the parent? [SFAS 12, par. 18 (AC I89.112)]	—	—	—
5. If the parent follows specialized accounting practices for marketable securities and the consolidated subsidiaries do not, are the subsidiaries' current and non-current portfolios consolidated as separate current and noncurrent portfolios exclusive of the parent and is the information required by SFAS 12, par. 12 disclosed? [SFAS 12, pars. 12 & 19 (AC I89.106 and .113)]	—	—	—
6. If the consolidated financial statements include more than one accepted practice of accounting for marketable securities, are the required disclosures for the various methods disclosed? [SFAS 12, par. 20 (AC I89.114)]	—	—	—
7. For undistributed earnings of a consolidated subsidiary and/or corporate joint venture, for which income taxes have not been accrued, do disclosures include:			
a. Declaration of either intention to reinvest such earnings to support the conclusion that their remittance has been indefinitely postponed, or that the undistributed earnings will be remitted in the form of a tax free liquidation?	—	—	—
b. Cumulative amount of undistributed earnings on which the parent company has not recognized income taxes? [APB 23, pars. 14 & 18 (AC I42.109 and .112)]	—	—	—

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
8. If subsidiaries are not consolidated and are appropriately carried at cost, are the following disclosed:			
a. Equity in net assets and earnings for the current period of the subsidiary?	—	—	—
b. Dividends received in the current period?	—	—	—
c. Material intercompany gains not eliminated?	—	—	—
d. Summary of assets, liabilities and operating results of the unconsolidated subsidiary? [ARB 51, pars. 19-21 (AC C51.119-.120)]	—	—	—
G. Related Party Transactions and Economic Dependency			
1. For related party transactions do disclosures include:			
a. The nature of the relationship(s) involved (e.g., parent, subsidiary and affiliate companies, officers, stockholders, etc.)?	—	—	—
b. A description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements?	—	—	—
c. The dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period?	—	—	—
d. Amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement? [SFAS 57, pars. 2-4 (AC R36.102-.104)]	—	—	—

Yes   No   N/A

2. Is information about economic dependency disclosed when necessary for a fair presentation?  
[SFAS 21, par. 9 (AC S20.103)] \_\_\_\_
3. Is the nature of a controlled relationship disclosed, even though there are no transactions between the enterprises, if the reporting enterprise and one or more other enterprises are under common ownership or management control and the existence of the control could result in operating results or financial position of the reporting enterprise significantly different from those that would have been obtained if the enterprise were autonomous?  
[SFAS 57, pars. 2 & 4 (AC R36.102 and .104)] \_\_\_\_
4. Are the nature and extent of leasing transactions with related parties appropriately disclosed?  
[SFAS 13, par. 29 (AC L10.125)] \_\_\_\_

#### H. Foreign Currency

1. Is the aggregate exchange gain or loss included in net income for the period disclosed?  
[SFAS 52, par. 30 (AC F60.140)] \_\_\_\_
2. Is an analysis of changes during the period in the separate component of equity for cumulative translation adjustments included, and does it disclose:
  - a. Beginning and ending amount of cumulative translation adjustments? \_\_\_\_
  - b. The aggregate adjustment for the period resulting from translation adjustments and gains and losses from certain hedges and intercompany balances? \_\_\_\_
  - c. The amount of income taxes for the period allocated to translation adjustments? \_\_\_\_

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
d. The amounts transferred from cumulative translation adjustments and included in the determination of net income for the period as a result of the sale or complete or substantially complete liquidation of an investment in a foreign entity? [SFAS 52, par. 31 (AC F60.141)]	—	—	—
3. Are rate changes occurring after the date of the financial statements and the effects on unsettled balances related to foreign currency translations disclosed, if significant? [SFAS 52, par. 32 (AC F60.142)]	—	—	—
4. Are any foreign earnings reported in addition to amounts received in the United States disclosed, if significant? [ARB 43, Ch. 12, par. 5 (AC F60.144)]	—	—	—
5. Are foreign operations adequately disclosed? [ARB 43, Ch. 12, pars. 8-9 (AC C51.105-.106)]	—	—	—
I. Nonmonetary Transactions			
1. Are nonmonetary transactions accounted for in conformity with APB 29? [APB 29, pars. 18-27 (AC C11.101 and N35.105-.113)]	—	—	—
2. Do disclosures for nonmonetary transactions during the period include:			
a. Nature of the transactions?	—	—	—
b. Basis of accounting for the assets transferred?	—	—	—
c. Gains or losses recognized on the transfers? [APB 29, par. 28 (AC C11.102 and N35.120); FASBI 30 (AC N35.114-.119)]	—	—	—

Yes   No   N/A

3. If stock is issued to acquire the results of a research and development arrangement, for rights to use the results, or for ownership interests in the arrangement, or a successor to the arrangement, is the stock issued accounted for at its fair value or at the value of the consideration received, whichever is more clearly evident?  
[TB 84-1, par. 7 (AC R55.504)]

— — —

J. Contingencies and Commitments

1. Are the nature and amount of accrued loss contingencies disclosed as necessary to keep the financial statements from being misleading?  
[SFAS 5, par. 9 (AC C59.108)]
2. For loss contingencies not accrued do disclosures indicate:
- a. Nature of the contingency?
- b. Estimate of possible loss or range of loss, or a statement that such estimate cannot be made?  
[SFAS 5, par. 10 (AC C59.109 and .111)]
3. If exposure to loss exists in excess of the amount accrued for a loss contingency, do disclosures include the excess amount or state that no estimate is possible?  
[SFAS 5, par. 10 (AC C59.109)]
4. Are the nature and amount of guarantees disclosed (for example, guarantee of indebtedness of others, obligations of banks under standby letters of credit, guarantees to repurchase receivables that have been sold or otherwise assigned)?  
[SFAS 5, par. 12 (AC C59.113); FASBI 34, pars. 1-3 (AC C59.114)]
5. Are gain contingencies adequately disclosed with care to avoid any misleading implications about likelihood of realization?  
[SFAS 5, par. 17 (AC C59.118)]

— — —

— — —

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	<u>Yes</u>	<u>No</u>	<u>N/A</u>
6. Is there adequate disclosure of commitments such as those for capital expenditures, restrictive covenants in financing agreements, inventory purchase agreements, and employment contracts? [SFAS 5, pars. 18-19 (AC C59.120)]	—	—	—
7. For long-term unconditional purchase obligations associated with suppliers' financing that are not recognized in the balance sheet, are the following disclosed:			
a. Nature of the obligation(s)?	—	—	—
b. Amount of the fixed and determinable obligation in the aggregate and for each of the next five years?	—	—	—
c. Description of any portion of the obligation that is variable?	—	—	—
d. Purchases under the obligation(s) for each year for which an income statement is presented? [SFAS 47, par. 7 (AC C32.102)]	—	—	—
8. For long-term unconditional purchase obligations associated with suppliers' financing that are recognized in the balance sheet, have the aggregate amount of payments for each of the five years following the latest balance sheet been presented? [SFAS 47, par. 10a (AC C59.105a)]	—	—	—
K. Subsequent Events			
1. Are the financial statements adjusted for any changes in estimates resulting from subsequent events that provided additional evidence with respect to conditions that existed at the date of the balance sheet? [SFAS 5, par. 8 (AC C59.105); SAS 1, secs. 560.03-.04, .07 & 561.01-.09 (AU 560.03-.04, .07 and 561.01-.09)]	—	—	—



Yes   No   N/A

2. Are subsequent events that provide evidence with respect to conditions that did not exist at the date of the balance sheet but arose subsequent to that date adequately disclosed to keep the financial statements from being misleading?  
 [SFAS 5, par. 11 (AC C59.112); APB 16, par. 61 (AC B50.120); SAS 1, secs. 560.05-.07, .09 & 561.01-.09 (AU 560.05-.07, .09 and 561.01-.09)]

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L. Pension Plans (See Exhibit A)

1. If there is a defined benefit plan, do disclosures include:
- a. A description of the plan including employee groups covered, type of benefit formula, funding policy, types of assets held and significant nonbenefit liabilities, if any, and the nature and effect of significant matters affecting comparability of information for all periods presented?
- b. The amount of net periodic pension cost for the period showing separately the service cost component, the interest cost component, the actual return on assets for the period, and the net total of other components?<sup>2</sup>

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<sup>2</sup>The net total of other components is the net effect during the period of certain delayed recognition provisions of this statement. That net total includes:

- a. The net asset gain or loss during the period deferred for later recognition (in effect, an offset or a supplement to the actual return on assets)
- b. Amortization of the net gain or loss from earlier periods
- c. Amortization of unrecognized prior service cost
- d. Amortization of the unrecognized net obligation or net asset existing at the date of initial application of SFAS 87 [AC P16]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. A schedule reconciling the funded status of the plan with amounts reported in the employer's statement of financial position, showing separately:			
(1) The fair value of plan assets?	___	___	___
(2) The projected benefit obligation identifying the accumulated benefit obligation and the vested benefit obligation?	___	___	___
(3) The amount of unrecognized prior service cost?	___	___	___
(4) The amount of unrecognized net gain or loss (including asset gains and losses not yet reflected in market-related value)?	___	___	___
(5) The amount of any remaining unrecognized net obligation or net asset existing at the date of initial application of SFAS 87 [AC P16]?	___	___	___
(6) The amount of any additional liability recognized pursuant to SFAS 87, paragraph 36 [AC P16.130]?	___	___	___
(7) The amount of net pension asset or liability recognized in the statement of financial position pursuant to SFAS 87, paragraphs 35-36 [AC P16.129-.130] (which is the net result of combining the preceding six items)?	___	___	___
d. The weighted-average assumed discount rate and rate of compensation increase (if applicable) used to measure the projected benefit obligation and the weighted-average expected long-term rate of return on plan assets?	___	___	___

Yes   No   N/A

- e. If applicable, the amount and types of securities of the employer and related parties included in plan assets, and the approximate amount of annual benefits of employees and retirees covered by annuity contracts issued by the employer and related parties. Also, if applicable, the alternative amortization methods used pursuant to SFAS 87, paragraphs 26 and 33 [AC Pl6.120 and .127], and the existence and nature of the commitment discussed in paragraph 41 [AC Pl6.135]?  
[SFAS 87, par. 54 (AC Pl6.150)]

\_\_\_\_\_

- f. If more than one defined benefit plan exists:

- (1) Have the disclosures required by 1 above been aggregated for all of the employee's single-employer defined benefit plans or disaggregated in groups so as to provide the most useful information?

\_\_\_\_\_

- (2) Are plans with assets in excess of accumulated benefit obligation not aggregated with plans that have accumulated benefit obligations that exceed plan assets?

\_\_\_\_\_

- (3) Are disclosures for plans outside the U.S. not combined with those for U.S. plans unless those plans use similar economic assumptions?

\_\_\_\_\_

[SFAS 87, par. 56 (AC Pl6.153)]

2. If there is a defined contribution plan, do disclosures include:

- a. A description of the plan(s) including employee groups covered, the basis for determining contributions, and the nature and effect of significant matters affecting comparability of information for all periods presented?

\_\_\_\_\_

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. The amount of cost recognized during the period? [SFAS 87, par. 65 (AC P16.162)]	—	—	—
c. If the pension plan has characteristics of both a defined benefit plan and a defined contribution plan:			
(1) Is the substance of the plan to provide a defined benefit?	—	—	—
(2) If answer is yes, are accounting and disclosure requirements in accordance with the provisions of L1 above, applicable to a defined benefit plan? [SFAS 87, par. 66 (AC P16.163)]	—	—	—
3. If there is a multiemployer plan, do disclosures include:			
a. A description of the multiemployer plan(s) including the employee groups covered, the type of benefits provided (defined benefit or defined contribution), and the nature and effect of significant matters affecting comparability of information for all periods presented?	—	—	—
b. The amount of cost recognized during the period? [SFAS 87, par. 69 (AC P16.166)]	—	—	—
c. If the situation arises where the withdrawal from a multiemployer plan may result in the employer having an obligation to the plan for a portion of its unfunded benefit obligations which is either probable or reasonably possible, have the provisions of SFAS 5 [AC C59] been applied? [SFAS 87, par. 70 (AC P16.167)]	—	—	—
4. If there is a settlement and/or curtailment of a defined benefit pension plan and/or termination benefits under such plan, do disclosures include:			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
--	------------	-----------	------------

- |  |       |       |       |
|--|-------|-------|-------|
| a. A description of the nature of the event(s)?                              | _____ | _____ | _____ |
| b. The amount of gain or loss recognized?<br>[SFAS 88, par. 17 (AC Pl6.187)] | _____ | _____ | _____ |

M. Development Stage Enterprises

- |   |       |       |       |
|---|-------|-------|-------|
| 1. Do financial statements of development stage enterprises:  |       |       |       |
| a. Present financial position, changes in financial position, and results of operations in conformity with generally accepted accounting principles that apply to established operating enterprises?<br>[SFAS 7, par. 10 (AC De4.105);<br>FASBI 7 (AC De4.106)] | _____ | _____ | _____ |
| b. Disclose amounts of cumulative revenue, expenses, net losses, changes in financial position and stockholders' equity since inception?<br>[SFAS 7, par. 11 (AC De4.107)]  | _____ | _____ | _____ |
| c. Identify the enterprise as a "development stage enterprise" and include a description of the nature of its development stage activities?<br>[SFAS 7, par. 12 (AC De4.108)]   | _____ | _____ | _____ |
| 2. For the first fiscal year in which an enterprise is no longer in the development stage, is there disclosure that in prior years it had been a development stage enterprise?<br>[SFAS 7, par. 13 (AC De4.109)]  | _____ | _____ | _____ |

N. Futures Contracts

- |   |       |       |       |
|---|-------|-------|-------|
| 1. If a futures contract is designated a hedge:                                       |       |       |       |
| a. Does the item to be hedged expose the enterprise to price (or interest rate) risk? | _____ | _____ | _____ |

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. Does the futures contract reduce the exposure to risk and is it designated as a hedge? [SFAS 80, par. 4 (AC F80.104 and .404)]	—	—	—
2. If the futures contract hedges an anticipated transaction:			
a. Are the significant characteristics and expected terms of the anticipated transaction identified?	—	—	—
b. Is it probable that the anticipated transaction will occur? [SFAS 80, par. 9 (AC F80.109)]	—	—	—
3. If a futures contract is accounted for as a hedge, does the disclosure include:			
a. The nature of the assets, liabilities, firm commitments, or anticipated transactions that are hedged with futures contracts?	—	—	—
b. The method of accounting for the futures contract including a description of the events or transactions that result in recognition in income of changes in value of the futures contracts? [SFAS 80, par. 12 (AC F80.112)]	—	—	—
O. Other Matters			
1. If required [SFAS 21 (AC S20)], does the financial statement presentation include segment information? [SFAS 14 (AC S20); SFAS 24 (AC S20.109-.110); SFAS 30 (AC S20.145); and TBS 79-4, 79-5 and 79-8 (AC S20.501-.507)]	—	—	—
2. Postretirement Health Care and Life Insurance Benefits			

Yes   No   N/A

a. If health care or life insurance benefits are provided to retirees, their dependents, or survivors, do disclosures<sup>3</sup> include:

(1) A description of the benefits provided and the employee groups covered?

\_\_\_\_\_

(2) A description of the accounting and funding policies followed for those benefits?

\_\_\_\_\_

(3) The cost<sup>4,5</sup> of those benefits recognized for the period, unless the provisions of b below are applicable?

\_\_\_\_\_

(4) The effect of significant matters affecting the comparability of the costs recognized for all periods presented?

\_\_\_\_\_

[SFAS 81, par. 6 (AC P50.102)]

<sup>3</sup>SFAS 81 [AC P50] does not preclude additional disclosures. The Board is aware that a few employers currently disclose information other than that required by this Statement, such as the present value of estimated future health care and life insurance benefits for retirees, the amount of contributions to trusts established for the payment of those benefits, and the fair value of assets in such trusts. The Board encourages such disclosures but does not require that they be made. Paragraph 28 of SFAS 81 [AC P50.102, footnote 2] also identifies additional information that an employer is encouraged to disclose.

<sup>4</sup>The cost disclosed shall be based on the accounting policy described.

<sup>5</sup>Employers are encouraged to use reasonable methods to approximate the costs of postretirement health care and life insurance benefits. The disclosures may be made separately for each type of benefit provided or in the aggregate for all benefits.

Yes   No   N/A

- b. If the cost of any postretirement health care or life insurance benefit cannot readily be separated from the cost of providing such benefits for active employees or otherwise be reasonably approximated, is the total cost of providing those benefits to both active employees and retirees as well as the number of active employees and the number of retirees<sup>6</sup> covered by the plan disclosed?  
[SFAS 81, par. 7 (AC P50.103)]

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## .05 Balance Sheet

## A. General

1. For classified balance sheets are assets and liabilities segregated into current and noncurrent classifications with totals presented for current assets and current liabilities?  
[ARB 43, Ch. 3A (AC B05.103-.109); SFAS 6, par. 15 (AC B05.118); FASBI 8, par. 3 (AC B05.138-.139); TB 79-3 (AC B05.501-.503)]
2. Are assets not expected to be realized during the current operating cycle classified as noncurrent?  
[ARB 43, Ch. 3A, pars. 5-6 (AC B05.106-.107)]
3. Are valuation allowances contra to such assets as receivables and investments shown as deductions from their related assets with appropriate disclosure?  
[APB 12, par. 3 (AC V18.102)]

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<sup>6</sup>Active employees or retirees and members of their families shall be counted as one unit.



Yes   No   N/A

**B. Cash**

1. Is restricted cash appropriately segregated from cash available for current operations?  
[ARB 43, Ch. 3A, par. 6 (AC B05.107)]
2. Are restrictions on cash appropriately disclosed?  
[SFAS 5, pars. 18-19 (AC C59.120)]

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**C. Marketable Securities**

1. For entities in industries not having certain specialized practices for marketable securities:
  - a. Are the carrying amounts of the marketable equity securities portfolios (current and noncurrent) each at the lower of aggregate cost or market?  
[SFAS 12, pars. 8 & 15 (AC I89.102 and .109)]
  - b. Is the amount by which aggregate cost exceeds aggregate market value of a portfolio accounted for as a valuation allowance?  
[SFAS 12, par. 8 (AC I89.102); FASBI 12; FASBI 13 (AC I89.120-.122)]
  - c. Are changes in the valuation allowances appropriately accounted for?  
[SFAS 12, par. 11 (AC I89.105)]
  - d. Are realized gains and losses included in net income of the period in which they occur?  
[SFAS 12, par. 11 (AC I89.105)]
2. Are marketable equity securities portfolios of consolidated affiliates appropriately treated in consolidation?  
[SFAS 12, pars. 9, 15 & 18-20 (AC I89.103, .109 and .112-.114); FASBI 13 (AC I89.120-.122)]

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	<u>Yes</u>	<u>No</u>	<u>N/A</u>
3. Are marketable equity securities portfolios of nonconsolidated subsidiaries accounted for by the equity method appropriately treated? [SFAS 12, pars. 9 & 18-20 (AC I89.103 and .112-.114); TB 79-19, par. 6 (AC I82.514)]	—	—	—
4. If particular marketable securities for which changes in carrying amounts are included in stockholders equity have declines in market value below cost, and the declines are "judged to be other than temporary," is the cost basis written down and the write down accounted for as a loss? [SFAS 12, par. 21 (AC I89.115); FASBI 11, (AC I89.115-.116)]	—	—	—
5. Are income tax effects for unrealized gains or losses on marketable securities:			
a. Recognized in conformity with APB 11 (AC I24)?	—	—	—
b. For unrealized capital losses are tax benefits recognized only when there is "assurance beyond a reasonable doubt" that the benefit will be realized by an offset of loss against capital gains? [SFAS 12, par. 22 (AC I89.117)]	—	—	—
6. For marketable equity securities do disclosures include:			
a. For each balance sheet presented, aggregate cost and market value (each segregated between current and noncurrent portfolios when applicable) with identification of which is the carrying amount? [SFAS 12, par. 12a (AC I89.106a)]	—	—	—

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. For the latest balance sheet presented, gross unrealized gains and gross unrealized losses (each segregated between current and noncurrent portfolios when applicable)? [SFAS 12, pars. 12b & 16a (AC I89.106b and .110a)]	_____	_____	_____
c. The following information for each period for which an income statement is presented:			
(1) Net realized gain or loss included in determination of net income?	_____	_____	_____
(2) Basis on which cost was determined in computing realized gain or loss (e.g., average cost, FIFO)?	_____	_____	_____
(3) The change in valuation allowance(s) included in the equity section of the balance sheet during the period and when a classified balance sheet is presented, the amount of such change included in determination of net income? [SFAS 12, par. 12c (AC I89.106c)]	_____	_____	_____
7. Are significant net realized and net unrealized gains and losses that arose after the latest balance sheet date but before issuance of the financial statements disclosed in the notes? [SFAS 12, pars. 13 & 17 (AC I89.107 and .111); FASBI 11 (AC I89.115-.116); FASBI 13 (AC I89.120-.122)]	_____	_____	_____
8. Are valuation allowances shown as deductions from their related portfolios with appropriate disclosure? [APB 12, par. 3 (AC V18.102)]	_____	_____	_____

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<b>D. Receivables</b>			
1. Are accounts and notes receivable from officers, employees, and affiliated companies shown separately with appropriate disclosures? [ARB 43, Ch. 1A, par. 5 (AC R36.105)]	—	—	—
2. Are unbilled receivables (e.g., unbilled costs and fees under cost-plus-fixed-fee contracts) shown separately from billed receivables? [ARB 43, Ch. 11A, par. 4]	—	—	—
3. Are unearned finance charges and interest included in the face amounts of receivables shown as a deduction from the related receivables? [APB 6, par. 14 (AC B05.105)]	—	—	—
4. If a note is non-interest bearing or has an inappropriate stated interest rate:			
a. Is the discount or premium presented as a deduction from or addition to the face amount of the note?	—	—	—
b. Does the disclosure include the effective interest rate and face amount of the note?	—	—	—
c. Is amortization of discount or premium reported as interest in the income statement? [APB 21, par. 16 (AC I69.109)]	—	—	—
5. Is the unamortized balance of loan origination, commitment, and other fees and costs and purchase premiums and discounts that is being recognized as an adjustment of yield reported as part of the loan balance to which it relates? [SFAS 91, par. 21 (AC L20.120)]	—	—	—
6. Are allowances for uncollectible receivables shown as deductions from the related receivables? [APB 12, par. 3 (AC V18.102)]	—	—	—

Yes   No   N/A

7. For troubled debt restructurings are the following disclosed by major category of receivables as of each balance sheet presented:

a. Aggregate recorded investment? \_\_\_\_\_

b. Gross interest income that would have been recorded if receivables had been current per their original terms? \_\_\_\_\_

c. Amount of interest income included in net income? \_\_\_\_\_

d. Amounts of any commitments to lend additional funds to debtors owing restructured troubled receivables? \_\_\_\_\_

[SFAS 15, pars. 40-41 (AC D22.136-.137);  
TBs 79-6 & 79-7 (AC D22.501-.505)]

8. For transfers of receivables with recourse that are reported as sales, are the following disclosed:

a. The proceeds to the transferors during each period for which an income statement is presented? \_\_\_\_\_

b. The balance of the receivables transferred that remain uncollected at the date of each balance sheet presented, if such information is available? \_\_\_\_\_

[SFAS 77, par. 9 (AC R20.109)]

#### E. Inventories

1. Are the major classes of inventory disclosed (e.g., finished goods, work in process, raw materials)? \_\_\_\_\_

[ARB 43, Ch. 3A, pars. 4 & 9  
(AC B05.105); ARB 43, Ch. 4, par. 3  
(AC I78.102-.103)]

2. Is the method of determining inventory cost (e.g., LIFO, FIFO) disclosed? \_\_\_\_\_

[ARB 43, Ch. 3A, par. 9]

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
3. Is the basis for stating inventory amount disclosed (e.g., lower of cost or market) and, if necessary, the nature of a change in basis for stating inventory, and the effect on income of such a change? [ARB 43, Ch. 4, pars. 4-16 (AC I78.104-.117 and .119-.120); APB 22, par. 13 (AC A10.106)]	___	___	___
4. Are valuation allowances for inventory losses shown as a deduction from the related inventory? [APB 12, par. 3 (AC V18.102)]	___	___	___
<b>F. Investments</b>			
1. Is the equity method used to account for investments in common stock of:			
a. Unconsolidated subsidiaries? [APB 18, par. 14 (AC I82.102)]	___	___	___
b. Corporate joint ventures? [APB 18, par. 16 (AC I82.103)]	___	___	___
c. Investees in which the entity has "ability to exercise significant influence" (generally presumed to be 20% or more of the voting stock)? [APB 18, par. 17 (AC I82.104); FASBI 35, pars. 2-5 (AC I82.106-.108)]	___	___	___
2. Is the equity method appropriately applied? [APB 18, par. 19 (AC I82.109); TB 79-19, par. 6 (AC I82.514)]	___	___	___
3. Are the appropriate disclosures made for investments in common stock accounted for by the equity method? [APB 18, par. 20 (AC I82.110)]	___	___	___
<b>G. Property and Equipment</b>			
1. For depreciable assets, do the financial statements or notes thereto include disclosure of:			
a. Depreciation expense for each period? [APB 12, par. 5a (AC D40.105a)]	___	___	___

Yes   No   N/A

- b. Balances of major classes of depreciable assets by nature or function?  
[APB 12, par. 5b (AC D40.105b)]
- c. Accumulated depreciation, either by major classes of assets or in total?  
[APB 12, par. 5c (AC D40.105c)]
- d. The method or methods used in computing depreciation with respect to major classes of depreciable assets?  
[APB 12, par. 5d (AC D40.105d);  
APB 22, par. 13 (AC A10.106)]
- e. Investment credit, method followed and amounts involved when material?  
[APB 4, par. 11 (AC I32.103);  
FASBI 25 (AC B50.153-.154, I32.107, .114-.115, .117-.120 and I37.109)]
2. Are net assets and liabilities of discontinued segments segregated from the assets and liabilities of continuing operations?  
[APB 30, par. 18d (AC I13.108d)]
3. Are capitalized interest costs appropriately determined and reported?  
[SFAS 34, pars. 6-23 (AC I67.102-.103, .105-.107 and .109-.118) as amended by SFAS 42, par. 4 (AC I67.104); SFAS 58, pars. 5-7 (AC I67.105c, .106c-.106e and .117); SFAS 62, par. 5 (AC I67.106)]

#### H. Lessors

1. For sales-type and direct financing leases do disclosures include:
- a. Appropriate components of the net investment in the leases as of the date of each balance sheet presented?

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. Future minimum lease payments to be received for each of the five succeeding fiscal years as of the date of the latest balance sheet presented?	—	—	—
c. Total contingent rentals included in income for each period for which an income statement is presented? [SFAS 13, par. 23a (AC L10.119a)]	—	—	—
d. For direct financing leases, the amount of initial direct costs as part of the investment? [SFAS 91, par. 25d (AC L10.119(a)(1))]	—	—	—
2. For operating leases do disclosures include:			
a. Cost and carrying amount of property on lease or held for leasing by major classes and the amount of accumulated depreciation as of the date of the latest balance sheet presented?	—	—	—
b. Minimum future rentals on non-cancelable leases as of the date of the latest balance sheet presented in the aggregate and for each of the five succeeding fiscal years?	—	—	—
c. Total contingent rentals included in income for each period for which an income statement is presented? [SFAS 13, par. 23b (AC L10.119b)]	—	—	—
3. Do disclosures include a general description of the lessor's leasing arrangements? [SFAS 13, par. 23c (AC L10.119c); For amendments of SFAS 13 see SFASs 22, 23, 26, 27, 28 and 29; for interpretations see FASBIs 19, 21, 23, 24, 26 and 27; for Technical Bulletins see TBs 79-10, 79-11, 79-12, 79-13, 79-14, 79-15, 79-16, 79-17 and 79-18]	—	—	—



	<u>Yes</u>	<u>No</u>	<u>N/A</u>
4. Are leveraged leases appropriately accounted for and reported? [SFAS 13, pars. 41-47 (AC L10.143-.149)]	---	---	---
I. Other Assets and Deferred Charges			
1. Are the costs of intangible assets acquired from other entities recorded as assets? [APB 17, pars. 24-26 (AC I60.105-.107)]	---	---	---
2. Are the costs of developing, maintaining or restoring intangible assets which are not specifically identifiable, have indeterminate lives, or are inherent in a continuing business and related to the entity as a whole, expensed when incurred? [APB 17, par. 24 (AC I60.105)]	---	---	---
3. Are issue costs of debt reported as deferred charges? [APB 21, par. 16 (AC I69.109)]	---	---	---
4. Do disclosures include the method and period of amortization? [APB 17, pars. 27-31 (AC I60.108-.112); APB 22, par. 13 (AC A10.106)]	---	---	---
5. Are deferred charges related to income tax timing differences segregated into appropriate current and noncurrent classifications? [APB 11, par. 57 as amended by SFAS 37, par. 4 (AC I28.102)]	---	---	---
6. For computer software to be sold, leased, or otherwise marketed:			
a. Are costs charged to research and development expense before technological feasibility has been established? [SFAS 86, par. 3 (AC Co2.102)]	---	---	---
b. Are costs charged to an asset after technological feasibility has been established? [SFAS 86, pars. 4-6 (AC Co2.103-.105)]	---	---	---

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. Is the amount of unamortized cost disclosed for each balance sheet presented? [SFAS 86, par. 11a (AC Co2.110a)]	—	—	—
d. Is the amount charged to expense for amortization of these costs and for amounts written down to net realizable value disclosed for each income statement presented? [SFAS 86, par 11b (AC Co2.110b)]	—	—	—
7. Has an asset (prepaid pension cost) been recognized if net periodic pension cost is less than amounts the employer has contributed to the plan? [SFAS 87, pars. 35 & 38 (AC Pl6.129 and .132)]	—	—	—
8. If an additional minimum liability has been recognized pursuant to SFAS 87, paragraph 36 [AC Pl6.130] has an equal amount been recognized as an intangible asset, provided that the asset recognized shall not exceed the amount of unrecognized prior service cost? [SFAS 87, pars. 37-38 (AC Pl6.131-.132)]	—	—	—
<b>J. Current Liabilities</b>			
1. Do current liabilities include:			
a. Obligations for items which have entered the operating cycle?	—	—	—
b. Collections received in advance of the delivery of goods or performance of services?	—	—	—
c. Debts which arise from operations directly related to the operating cycle?	—	—	—
d. Other liabilities whose regular and ordinary liquidation is expected to occur within a relatively short time period?	—	—	—

Yes   No   N/A

e. Obligations that, by their terms, are due on demand or will be due within one year (or operating cycle, if longer) from the balance sheet date, even though liquidation may not be expected within that period?  
[ARB 43, Ch. 3A, pars. 7-8 (AC B05.108-.109); SFAS 78, par. 5 (AC B05.109A and .118)]

— — —

2. Do current liabilities exclude short-term obligations that the entity intends to refinance on a long-term basis, provided the entity has demonstrated the ability to consummate the long-term financing?  
[SFAS 6, pars. 8-14 (AC B05.112-.116); FASBI 8 (AC B05.117 and .138-.139)]

— — —

#### K. Notes Payable and Other Debt

1. Is there adequate disclosure of interest rates, maturities, and other terms and conditions provided in loan agreements and bond indentures such as assets pledged as collateral, covenants to reduce debt, maintain working capital, and restrict dividends?  
[APB Statement 4, par. 199, R-9A; SFAS 5, pars. 18-19 (AC C59.120)]

— — —

2. Are the combined aggregate amount of maturities and sinking fund requirements for all long-term borrowings disclosed for each of the five years following the date of the latest balance sheet presented?  
[SFAS 47, par. 10b (AC C32.105b)]

— — —

3. If the note is noninterest bearing or has an inappropriate stated interest rate:

a. Is the discount or premium presented as a deduction from or addition to the face amount of the note?

— — —

b. Does the disclosure include the effective interest rate and face amount of the note?

— — —

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. Is amortization of the discount or premium reported as interest in the income statement?	___	___	___
d. Are issue costs reported in the balance sheet as deferred charges? [APB 21, par. 16 (AC I69.109)]	___	___	___
4. Are conversion features appropriately accounted for and disclosed? [APB 14, pars. 12 & 16-18 (AC D10.103 and .105-.107); APB 15, par. 19 (AC E09.110)]	___	___	___
5. Are current portions of debt obligations presented as current liabilities? [ARB 43, Ch. 3A, pars. 7-8 (AC B05.108-.109)]	___	___	___
6. If a short-term obligation is to be excluded from current liabilities per SFAS 6, do disclosures include:			
a. General description of the financing agreement?	___	___	___
b. Terms of any new obligation incurred or expected to be incurred, or equity securities issued or expected to be issued as a result of the refinancing? [SFAS 6, par. 15 (AC B05.118); FASBI 8, par. 3 (AC B05.117); TB 79-3 (AC B05.501-.503)]	___	___	___
7. For troubled debt restructuring occurring during the current period do disclosures include:			
a. Description of the principal changes in terms, the major features of settlement, or both?	___	___	___
b. Aggregate gain on restructuring of payables and the related income tax effect?	___	___	___
c. Aggregate net gain or loss on transfers of assets recognized during the period?	___	___	___

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
d. Per share amount of the aggregate gain on restructuring of payables, net of related income tax effect? [SFAS 15, par. 25 (AC D22.121)]	—	—	—
8. For periods after a troubled debt restructuring, do disclosures include:			
a. Extent to which amounts contingently payable are included in the carrying amount of restructured payables?	—	—	—
b. Total amounts contingently payable, if applicable, and conditions under which those amounts would become payable or forgiven? [SFAS 15, par. 26 (AC D22.122)]	—	—	—
9. Has debt, as required, been considered extinguished for financial reporting purposes because:			
a. The debtor is legally released from being the primary obligor and it is probable that the debtor will not be required to make future payments with respect to that debt under any guarantee?	—	—	—
b. The debtor irrevocably places cash or other assets in a trust to be used solely for satisfying scheduled payments of both interest and principal of a specific obligation and the possibility that the debtor will be required to make future payments with respect to that debt is remote? [SFAS 76, par. 3 (AC D14.102A); TB 85-2 (AC C30)]	—	—	—
10. If there is an extinguishment of debt, is the difference between reacquisition price and carrying amount:			
a. Recognized currently in income? [APB 26, pars. 20-21 (AC D14.103-.104); TB 80-1, pars. 3-4 (AC D14.503-.504); SFAS 84, par. 5 (AC D14.101)]	—	—	—

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. Identified as a separate or extraordinary item? [SFAS 4, par. 8 as amended by SFAS 64, par. 4 (AC D14.105)]	___	___	___
11. If debt is considered to be extinguished in conformity with SFAS 76, paragraph 3c, do the disclosures include:			
a. A general description of the transaction?	___	___	___
b. The amount of debt that is considered extinguished as long as the debt remains outstanding? [SFAS 76, par. 3c (AC D14.102Ac)]	___	___	___
12. Are long-term obligations that are or will be callable by the creditor either because the debtor's violation of the debt agreement at the balance sheet date makes the obligation callable or because the violation, if not cured within a specified grace period, will make the obligation callable, classified as current unless one of the following conditions is met:			
a. Has the creditor waived or subsequently lost the right to demand repayment for more than one year (or operating cycle, if longer) from the balance sheet date?	___	___	___
b. If the obligation contains a grace period within which the debtor may cure the violation, is it probable that the violation will be cured within that period, thus preventing the violation from becoming callable? [SFAS 78, par. 5 (AC B05.109A and .118)]	___	___	___
L. Lessees			
1. For capital leases do disclosures include:			
a. Gross amounts of assets recorded by major classes as of the date of each balance sheet presented? [SFAS 13, par. 16a (AC L10.112a(1)-(4))]	___	___	___

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. Future minimum lease payments as of the latest balance sheet presented in the aggregate and for each of the five succeeding fiscal years with appropriate separate deductions therefrom for executory costs and imputed interest to reduce net minimum lease payments to present value? [SFAS 13, pars. 10 & 16a (AC L10.106 and .112a(1)-(4))]	—	—	—
c. Total of future minimum sublease rentals under noncancelable subleases as of the date of the latest balance sheet presented? [SFAS 13, par. 16a (AC L10.112a(1)-(4))]	—	—	—
d. Total contingent rentals actually incurred for each period for which an income statement is presented? [SFAS 13, par. 16a (AC L10.112a(1)-(4)) amended 10/1/79 by SFAS 29, par. 12]	—	—	—
e. Assets recorded under capital leases and the related accumulated amortization and obligations under the lease should be identified separately in the balance sheet or a footnote? [SFAS 13, par. 13 (AC L10.112a (5))]	—	—	—
2. For operating leases that have initial or remaining noncancelable lease terms in excess of one year do disclosures include:			
a. Future minimum rental payments required as of the latest balance sheet presented in the aggregate and for each of the five succeeding fiscal years?	—	—	—
b. Total of future minimum rentals under noncancelable subleases as of the date of the latest balance sheet presented? [SFAS 13, par. 16b (AC L10.112b)]	—	—	—

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
3. For all operating leases do disclosures include: rental expense for each period for which an income statement is presented with separate amounts for minimum rentals, contingent rentals, and sublease rentals? [SFAS 13, par. 16c (AC L10.112c)]	—	—	—
4. Do disclosures include a general description of the lessee's leasing arrangements including but not limited to:			
a. Bases for determination of contingent rentals?	—	—	—
b. Terms of any renewal or purchase options or escalation clauses?	—	—	—
c. Restrictive covenants? [SFAS 13, par. 16d (AC L10.112d); For amendments of SFAS 13 see SFASs 22, 23, 26, 27, 28 and 29; for interpretations see FASBIs 19, 21, 23, 24, 26 and 27; for Technical Bulletins see TBs 79-10, 79-11, 79-12, 79-13, 79-14, 79-15, 79-16, 79-17 and 79-18]	—	—	—
M. Other Liabilities and Deferred Credits			
1. Are deferred credits related to income tax timing differences segregated into appropriate current and noncurrent classifications? [APB 11, par. 57 as amended by SFAS 37, par. 4 (AC I28.102)]	—	—	—
2. If the entity recognizes investment tax credits by the flow-through method, is the reduction in the tax basis of an asset caused by the investment tax credit reflected as a timing difference when computing deferred taxes? [TB 83-1, par. 4 (AC I32.517)]	—	—	—
3. Are estimated losses from loss contingencies accrued if both "probable" as explained in SFAS 5 [AC C59] and the amount can be reasonably estimated? [SFAS 5, par. 8 (AC C59.105); FASBI 14 (AC C59.106-.107 and .124-.127)]	—	—	—



	<u>Yes</u>	<u>No</u>	<u>N/A</u>
4. Are liabilities appropriately accrued and reported for employees' compensation for future absences? [SFAS 43, pars. 6-7 (AC C44.104 and .108)]	—	—	—
5. Are liabilities for special termination benefits to employees appropriately accrued and reported when the employees accept the offer and the amount can be reasonably estimated? [SFAS 74, par. 2 (AC C45.102)]	—	—	—
6. Has a liability (unfunded accrued pension cost) been recognized if net periodic pension cost recognized, pursuant to SFAS 87 [AC P16], exceeds amounts the employer has contributed to the plan? [SFAS 87, pars. 35 & 38 (AC P16.129 and .132)]	—	—	—
7. If the accumulated benefit obligation exceeds the fair value of the pension plan's assets, has the employer recognized, in the statement of financial position, a liability (including unfunded accrued pension cost) that is at least equal to the unfunded accumulated benefit obligation? [SFAS 87, pars. 36 & 38 (AC P16.130 and .132)]	—	—	—
8. Has an additional minimum liability been recognized in accordance with the provisions of SFAS 87, paragraph 36? [SFAS 87, pars. 36 & 38 (AC P16.130 and .132)]	—	—	—
<b>N. Stockholders' Equity</b>			
1. For each class of stock do disclosures include the number of shares authorized, issued and outstanding, and par or stated value per share? [APB Statement 4, par. 199, R-9A]	—	—	—

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
2. Do the financial statements include a description, in summary form, sufficient to explain the pertinent rights and privileges of the various securities outstanding, for example: dividend and liquidation preferences, participation rights, call prices and dates, conversion or exercise prices or rates and pertinent dates, sinking fund requirements, unusual voting rights? [APB 15, par. 19 (AC E09.110)]	—	—	—
3. Are liquidation preferences of preferred stock issues prominently disclosed in the equity section of the balance sheet in the aggregate? [APB 10, par. 10 (AC C16.101)]	—	—	—
4. For preferred stock do disclosures include:			
a. Aggregate or per share amounts at which shares may be called or are subject to redemption? [APB 10, par. 11 (AC C16.102)]	—	—	—
b. Aggregate and per share amounts of arrearages in cumulative preferred dividends? [APB 15, par. 50, footnote 16 (AC C16.102)]	—	—	—
5. For stock option and stock purchase plans, do disclosures include:			
a. Number of shares under option?	—	—	—
b. Option price?	—	—	—
c. Number of shares as to which options are exercisable?	—	—	—
d. For shares exercised, the number of shares exercised and option price? [ARB 43, Ch. 13B, par. 15 (AC C47.123); APB 25, par. 19; FASBI 28 (AC C47.119-.122 and .138-.146); TB 82-2, pars. 10-12 (AC C47.513-.515); FASBI 38 (AC C47.135A-.135E)]	—	—	—

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
6. Are any appropriations of retained earnings for loss contingencies clearly identified and included in stockholders' equity? [SFAS 5, par. 15 (AC R70.103)]	___	___	___
7. Are restrictions on payment of dividends disclosed? [SFAS 5, pars. 18-19 (AC C59.120)]	___	___	___
8. After completion of a quasi-reorganization, is a new retained earnings account established and dated with the date being disclosed in subsequent financial statements until it is no longer deemed significant? [ARB 43, Ch. 7A, par. 10 (AC Q15.111); ARB 46 (AC Q15.111)]	___	___	___
9. Are stock subscriptions receivable appropriately identified and presented as a deduction from capital, or, if presented as an asset, stated separately, clearly labeled, and their status clearly described to distinguish them from any other type of assets?	___	___	___
10. Are the amounts of redemption requirements for all issues of capital stock that are redeemable at fixed or determinable prices on fixed or determinable dates disclosed for each of the five years following the date of the latest balance sheet presented? [SFAS 47, par. 10c (AC C32.105c)]	___	___	___
O. Changes in Stockholders' Equity			
1. Are changes in the separate component accounts of stockholders' equity disclosed? [APB 12, par. 10 (AC C08.102)]	___	___	___
2. Are changes in the number of shares of equity securities disclosed? [APB 12, par. 10 (AC C08.102)]	___	___	___
3. Are prior period adjustments limited to:			

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. Correction of an error(s) in financial statements of prior periods?	_____	_____	_____
b. Adjustments resulting from realization of income tax benefits of preacquisition operating loss carryforwards of purchased subsidiaries? [SFAS 16, par. 11 (AC A35.103)]	_____	_____	_____
4. Are prior period adjustments and their resulting effects (both gross and net of applicable income taxes) appropriately disclosed? [APB 9, par. 26 (AC A35.107)]	_____	_____	_____
5. For a correction of an error are the following disclosed in the period in which the error was discovered and corrected:			
a. Nature of the error in previously issued financial statements?	_____	_____	_____
b. Effect of its correction on income before extraordinary items, net income, and related per share amounts (if applicable)? [APB 20, par. 37 (AC A35.105)]	_____	_____	_____
6. If an additional liability required to be recognized pursuant to SFAS 87, paragraph 36 [AC Pl6.130], exceeds unrecognized prior service cost, has the excess (which would represent a net loss not yet recognized as net periodic pension cost) been reported as a separate component (that is a reduction) of equity, net of any tax benefits that result from considering such losses as timing differences for purposes of applying the provisions of APB 11? [SFAS 87, par. 37 (AC Pl6.131)]	_____	_____	_____

Yes   No   N/A

.06 Income Statement

A. Revenue and Expenses

- |   |   |   |   |
|---|---|---|---|
| 1. Are the important components of income separately disclosed, such as sales or other sources of revenue, cost of sales, selling and administrative expenses, interest expense and income taxes?<br>[APB Statement 4, Ch. 7, par. 198] | — | — | — |
| 2. Is revenue recognized when a sale is effected (in contrast to the installment method) with appropriate provision for uncollectible accounts?<br>[APB 10, par. 12 (AC R75.101 and .103)]  | — | — | — |
| 3. For long-term construction-type contracts is the method of income recognition (percentage-of-completion or completed-contract) disclosed?<br>[ARB 45, par. 15 (AC Co4.110 and .112); APB 22, par. 13 (AC A10.106)]                   | — | — | — |
| 4. For marketable equity securities are the following disclosed for each period for which an income statement is presented:   |   |   |   |
| a. Net realized gain or loss included in determination of net income?<br>[SFAS 12, par. 12c (AC I89.106c)]  | — | — | — |
| b. For entities with certain specialized accounting practices, the change in net unrealized gain or loss?<br>[SFAS 12, par. 16b (AC I89.110b)]  | — | — | — |
| c. Basis on which cost was determined in computing realized gain or loss?<br>[SFAS 12, par. 12c (AC I89.106c)]  | — | — | — |
| d. The change in valuation allowance(s) during the period and when a classified balance sheet is presented, the amount of such change included in the determination of net income?<br>[SFAS 12, par. 12c (AC I89.106c)]                 | — | — | — |

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
5. For investments in common stock accounted for by the equity method:			
a. Are intercompany profits and losses appropriately eliminated until realized by the investor through transactions with independent third parties? [APB 18, par. 19a (AC I82.109a)]	—	—	—
b. Is the investor's share of earnings shown as a single amount except for investee extraordinary items and prior period adjustments that are material to the investor? [APB 18, pars. 19c & 19d (AC I82.109c and .109d)]	—	—	—
c. Are income taxes of the investor's share of the investee's earnings appropriately accrued? [APB 24, pars. 7-10 (AC I42.114-.116 and .119); FASBI 29 (AC I42.117-.118)]	—	—	—
6. Are research and development costs charged to expense when incurred and appropriately disclosed? [SFAS 2, pars. 12-13 & 15-16 (AC R50.108-.109); FASBI 4 (AC B50.151-.152); FASBI 6 (AC R50.105 and .114-.119); TB 79-2 (AC R50.501-.502); SFAS 68, par. 14 (AC R55.112); TB 84-1 (AC R55.501-.504); SFAS 86, par. 3 (AC Co2.102)]	—	—	—
7. Is the amount of interest cost incurred disclosed in the statements or notes thereto, and for an accounting period in which some interest cost is capitalized, the total amount thereof that has been capitalized? [SFAS 34, par. 21 (AC I67.118)]	—	—	—
8. Is discount or premium on notes receivable and payable amortized to result in a constant rate of interest when applied to the amount outstanding at the beginning of any given period (the interest method) and reported as interest? [APB 12, pars. 16-17 (AC I69.108); APB 21, pars. 15-16 (AC I69.108-.109)]	—	—	—

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
9. Are amounts of loan origination, commitment, and other fees and costs recognized as an adjustment of yield reported as part of interest income? [SFAS 91, par. 22 (AC L20.122)]	—	—	—
10. Is amortization of other fees, such as commitment fees that are being amortized on a straight-line basis over the commitment period or included in income when the commitment expires, reported as service fee income? [SFAS 91, par. 22 (AC L20.122)]	—	—	—
11. Is depreciation expense for the period(s) disclosed accompanied by a general description of the method(s) used to compute depreciation for the major classes of depreciable assets? [APB 12, par. 5 (AC D40.105)]	—	—	—
12. Is the cost of the pension plan(s) accounted for in conformity with SFAS 87, paragraphs 20-34, 39-53 and 77? <sup>7</sup> (See Exhibit A) [SFAS 87, pars. 20-34, 39-53 & 77 (AC P16.114-.128, .133-.138 and .141-.149)]	—	—	—
13. Have settlements of defined benefit pension plans been accounted for in accordance with SFAS 88, paragraphs 3-5 and 9-11? [SFAS 88, pars. 3-5 & 9-11 (AC P16.172, .177-.179 and .181)]	—	—	—
14. Have curtailments of defined benefit pension plans been accounted for in accordance with SFAS 88, paragraphs 6 and 12-14? [SFAS 88, pars. 6 & 12-14 (AC P16.173 and .182-.184)]	—	—	—

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<sup>7</sup>Accounting for defined contribution plans and for multiemployer plans is generally the same as current practice. The new pension rules apply primarily to companies offering defined benefit pension plans.

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. Have such settlements and curtailments been properly differentiated in accordance with SFAS 88, paragraphs 7-8? [SFAS 88, pars. 7-8 (AC P16.174-.175)]	___	___	___
15. Have termination benefits been accounted for in accordance with SFAS 88, paragraph 15? [SFAS 88, par. 15 (AC P16.185)]	___	___	___
16. Has the gain or loss measured in accordance with SFAS 88, paragraphs 9-10, 12-13 or 15, which is directly related to a disposal of a segment of a business, been included in determining the gain or loss associated with that event, and recognized in accordance with APB 30? [SFAS 88, pars. 9-10, 12-13 & 15 (AC P16.177, .179, .182-.183 and .185)]	___	___	___
17. If there is a compensatory stock issuance plan:			
a. Is compensation expense accrued in the proper periods? [APB 25, pars. 12-15 (AC C47.112-.115); FASBI 38, pars. 2-6 (AC C47.135A-.135E)]	___	___	___
b. Are deferred income taxes recorded to recognize timing differences between accrual of compensation expense and deduction for income tax purposes? [APB 25, pars. 16-18 (AC C47.116-.118); TB 82-2, pars. 8 & 13 (AC C47.511 and .516)]	___	___	___
c. Are disclosures adequate? [ARB 43, Ch. 13B, par. 15 (AC C47.123)]	___	___	___
18. For deferred compensation agreements, are estimated amounts to be paid properly accrued? [APB 12, pars. 6-8 (AC C38.101-.102)]	___	___	___



	<u>Yes</u>	<u>No</u>	<u>N/A</u>
19. For sales transactions in which the buyer has a right to return the product, is revenue recognized at time of sale only if all of the conditions specified in SFAS 48 are met? [SFAS 48, pars. 6-8 (AC R75.107-.109)]	—	—	—
20. For sales transactions such as those in which the seller agrees to repurchase the product, has consideration been given to whether the transaction is a product financing arrangement? [SFAS 49, pars. 3-5 (AC D18.101-.103)]	—	—	—
21. For product financing arrangements that are in substance financing, is the transaction accounted for as a borrowing? [SFAS 49, pars. 8-9 (AC D18.106-.107)]	—	—	—
22. For sales of real estate, other than retail land sales, is revenue recognized on the full accrual basis only if all the conditions in SFAS 66, paragraph 5 are met? [SFAS 66, par. 5 (AC Rel.105)]	—	—	—
23. If the enterprise accounts for its obligation under a research and development arrangement as a contract to perform research and development for others under SFAS 68, is there disclosure of:			
a. The terms of significant agreements under the research and development arrangement as of the date of each balance sheet presented?	—	—	—
b. The amount of compensation earned or costs incurred under such contracts for each period for which an income statement is presented? [SFAS 68, par. 14 (AC R55.112)]	—	—	—

Yes   No   N/A

B. Income Taxes

1. Are the components of income tax expense disclosed (tax expense estimated to be currently payable, tax effects of timing differences, tax effects of operating losses, adjustments of prior periods, and direct entries to stockholders' equity accounts) and allocated to:
  - a. Income before extraordinary items? \_\_\_ \_\_\_ \_\_\_
  - b. Extraordinary items?  
[APB 11, pars. 60 & 62 (AC 128.106, .108 and .503)] \_\_\_ \_\_\_ \_\_\_
2. Are tax benefits realized from operating loss carryforwards reported as an extraordinary item in the period realized?  
[APB 11, par. 61 (AC 117.116)] \_\_\_ \_\_\_ \_\_\_
3. Do disclosures regarding income taxes include:
  - a. Amounts of any unused operating loss carryforwards together with expiration dates (including separate identification of amounts that upon recognition would be credited to deferred taxes)? \_\_\_ \_\_\_ \_\_\_
  - b. Significant amounts of any other unused deductions and/or credits together with expiration dates? \_\_\_ \_\_\_ \_\_\_
  - c. Reasons for variations in customary relationship between income tax expense and pretax accounting income?  
[APB 11, par. 63 (AC 128.109); SFAS 31, par. 7 (AC 142.133); TB 82-1, par. 5 (AC 128.511)] \_\_\_ \_\_\_ \_\_\_
4. Do disclosures regarding the investment tax credit include:
  - a. The accounting method used and amounts involved? \_\_\_ \_\_\_ \_\_\_

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
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b. Amounts of any unused investment credits?

[APB 4, par. 11 (AC I32.103); FASBI 25 (AC B50.153-.154, I32.107, .109, .114-.115 and .117-.120); TB 81-2, par. 4 (AC B50.650 and I32.502)]

	___	___	___
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5. If the entity is a subchapter S corporation, partnership or unincorporated proprietorship, do disclosures explain why income tax expense is not provided?

	___	___	___
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### C. Discontinued Operations

1. Are operations of a segment that has been discontinued or are the subject of a formal plan for disposition:

a. Reported separately from income from continuing operations and as a component (including applicable income taxes) of income before extraordinary items?

[APB 30, pars. 8 & 13-18 (AC I13.101-.103, .105-.106 and .108-.109)]

	___	___	___
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b. Accompanied by disclosure in the notes of revenue applicable to the discontinued operations?

[APB 30, par. 8 (AC I13.105)]

	___	___	___
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2. Is gain or loss from disposal of a discontinued segment reported separately (including applicable income taxes) in conjunction with results of discontinued operations as a component of income before extraordinary items?

[APB 30, pars. 8 & 13-18 (AC I13.101-.103, .105-.106 and .108-.109)]

	___	___	___
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3. If the entity sells part of its ownership interest in a foreign entity, is a pro rata portion of the accumulated translation adjustment component of equity attributable to that investment recognized in measuring the gain or loss on the sale?

[FASBI 37, par. 2 (AC F60.120)]

	___	___	___
--	-----	-----	-----

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
4. For the period encompassing the measurement date, do notes to financial statements disclose:			
a. Identity of the segment discontinued?	___	___	___
b. Expected disposal date, if known?	___	___	___
c. Expected manner of disposal?	___	___	___
d. Description of the remaining assets and liabilities of the discontinued segment at the balance sheet date?	___	___	___
e. Income or loss from operations and any proceeds from disposal of the discontinued segment during the period from the measurement date to the balance sheet date? [APB 30, par. 18 (AC 113.108-.109)]	___	___	___
5. For periods after the measurement date and including the disposal, do notes to financial statements disclose the information required for the period encompassing the measurement date and the actual date and results of disposal compared with the prior estimates? [APB 30, par. 18 (AC 113.108-.109)]	___	___	___
D. Extraordinary Items			
1. Do extraordinary items meet both criteria of (1) an unusual nature, and (2) infrequency of occurrence? [APB 30, pars. 19-24 (AC 117.106-.111 and .118)]	___	___	___
2. Are extraordinary items segregated and shown (including applicable income taxes) following income before extraordinary items and before net income? [APB 30, pars. 10-12 (AC 117.102-.103)]	___	___	___

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
3. Are descriptive captions and amounts (including applicable income taxes) presented for individual extraordinary events or transactions, preferably on the face of the income statement if practicable? [APB 30, par. 11 (AC 117.102)]	—	—	—
4. Do disclosures include descriptions of an extraordinary event(s) or transaction(s) and the principal items entering into determination of extraordinary gain(s) or loss(es)? [APB 30, par. 11 (AC 117.102)]	—	—	—
5. Are material events or transactions that are either unusual in nature, or of infrequent occurrence but not both (and therefore not meeting criteria for extraordinary items):			
a. Reported as a separate component of income from continuing operations?	—	—	—
b. Accompanied by disclosure of the nature and financial effects of each event? [APB 30, par. 26 (AC 122.101); TB 82-1, par. 6 (AC 128.512)]	—	—	—
6. For gains or losses from extinguishment of debt classified as extraordinary items, do disclosures include:			
a. Description of the extinguishment transactions, including the sources of any funds used to extinguish the debt if it is practicable to identify the sources?	—	—	—
b. Income tax effect in the period of extinguishment?	—	—	—
c. Per share amount of the aggregate gain or loss net of related income tax effect? [SFAS 4, pars. 8-10 (AC 117.104 and 114.105-.107)]	—	—	—

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
7. For an adjustment of an extraordinary item reported in a prior period:			
a. Is the adjustment classified separately as an extraordinary item in the current period?	___	___	___
b. Are the nature, origin and amount of the item disclosed? [SFAS 16, par. 16(c) (AC 117.119)]	___	___	___
E. Other			
1. Are the following excluded from determination of net income or results of operations under all circumstances:			
a. Adjustments or charges or credits resulting from transactions in the company's own capital stock?	___	___	___
b. Transfers to and from accounts properly designated as appropriated retained earnings?	___	___	___
c. Adjustments made pursuant to a quasi-reorganization? [APB 9, par. 28 (AC C08.101)]	___	___	___
2. Is earnings per share information, if required [SFAS 21 (AC E09.102)], presented on the face of the income statement accompanied by appropriate disclosure that includes the basis of the calculation? [APB 15 (AC E09); APB 20, pars. 19c, 33, 35 & 37 (AC A06.115c, .132, A35.105 and .113); APB 30, pars. 9 & 12 (AC E09.104, 113.107 and 117.103); FASBI 28, par. 6 (AC E09.128); FASBI 31 (AC E09.128-.131 and .169-.176); FASBI 38, par. 7 (AC E09.130A); SFAS 85, par. 3 (AC E09.123A)]	___	___	___

Yes   No   N/A

.07 Statement of Changes in Financial Position

A. Format

1. Is a statement of changes in financial position presented as a basic financial statement for each period for which an income statement is presented?  
[APB 19, par. 7 (AC F40.101)]
2. Does the format provide the most useful portrayal of the reporting entity's financing and investing activities and changes in financial position?  
[APB 19, par. 11 (AC F40.105)]

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B. Content

1. Does the statement of changes in financial position disclose all important aspects of financing and investing activities regardless of whether cash or other elements of working capital are directly affected?  
[APB 19, par. 8 (AC F40.101-.102)]
2. Does the statement of changes in financial position:
  - a. Begin with income or loss before extraordinary items?  
[APB 19, par. 10 (AC F40.104)]
  - b. Present additions or deductions of items recognized in determining income or loss that did not provide or use working capital or cash?  
[APB 19, par. 10 (AC F40.104)]
  - c. Present working capital or cash provided from or used in operations exclusive of any extraordinary items?  
[APB 19, par. 10 (AC F40.104)]
  - d. Present working capital or cash provided from or used by income or loss from extraordinary items?  
[APB 19, par. 10 (AC F40.104) as amended by APB 30 (AC E09, I13, I17 and I22)]

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	<u>Yes</u>	<u>No</u>	<u>N/A</u>
e. Individually disclose the effects of other financing and investing activities including:			
(1) Outlays for purchase of long-term assets?	___	___	___
(2) Proceeds from sale of long-term assets?	___	___	___
(3) Conversion of long-term debt or preferred stock to common stock?	___	___	___
(4) Issuance, assumption, redemption and repayment of long-term debt?	___	___	___
(5) Issuance, redemption or purchase of capital stock for cash or assets other than cash?	___	___	___
(6) Dividends in cash or in kind or other distributions to shareholders (except for stock dividends and stock split-ups as defined in ARB 43, Ch. 7B)? [APB 19, par. 13-14 (AC F40.107-.108)]	___	___	___
f. Are net changes in each element of working capital disclosed? [APB 19, par. 12 (AC F40.106)]	___	___	___

#### .08 Exhibit A—Pensions

Please note that the effective date for SFAS 87 is for fiscal periods beginning after December 15, 1986. For plans outside the U.S. and for defined benefit plans of employers that (a) are nonpublic enterprises and (b) sponsor no defined benefit plan with more than 100 participants, SFAS 87 shall be effective for fiscal years beginning after December 15, 1988. For all plans, the provisions of paragraphs 36-38 shall be effective for fiscal years beginning after December 15, 1988. In all cases, earlier application is encouraged. SFAS 88 is effective for events occurring in fiscal years beginning with the fiscal year in which SFAS 87 is first applied. Until such time, the accounting and disclosure requirements listed below remain in effect:



Yes   No   N/A

10. Is the cost of the pension plan(s) accounted for in conformity with applicable pronouncements? [APB 8, pars. 8-45 (AC P15.101, .103-.107, .109-.129 and .133); FASBI 3 (AC P15.108); SFAS 74, par. 3 (AC C45.103)] (Replaces question A10 in AAM section 8400.06, if earlier application election is not made)

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L. Pension Plans<sup>8</sup>

1. If there is a pension plan (defined benefit or otherwise) do disclosures include:
- a. Statement on existence of the plan(s) and identification or description of the employee groups covered?
  - b. Statement of the entity's accounting and funding policies?
  - c. Provision for pension cost for the period(s)?
  - d. Nature and effect of significant matters affecting comparability for all periods presented? [SFAS 36, par. 7 (AC P15.130); TB 81-3, pars. 4-6 (AC P15.503-.505)] (Replaces question L in AAM section 8400.04, if earlier application election is not made)

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<sup>8</sup>For defined benefit pension plans, accounting and reporting by the plans themselves should be in conformity with SFAS 35 [AC Pe5].

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
2. For defined benefit pension plans <sup>9</sup> do disclosures also include:			
a. Actuarial present value of vested accumulated plan benefits?	___	___	___
b. Actuarial present value of non-vested accumulated plan benefits?	___	___	___
c. Plan's net assets available for benefits?	___	___	___
d. Assumed rates of return used in determining the actuarial present value of vested and nonvested accumulated plan benefits?	___	___	___
e. Date as of which the benefit information was determined? [SFAS 36, par. 8 (AC P15.131)] (Replaces question L in AAM section 8400.04, if earlier application election is not made)	___	___	___

---The next page is 8501.---

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<sup>9</sup>For plans for which this information is not available, the entity may continue to comply with the disclosure requirements originally contained in APB 8 [AC P15] before amendment by SFAS 36 [AC P15.130-.132 and .134]. Plans for which this information is not available are expected to be only those plans that do not report such information to certain governmental agencies pursuant to the Employee Retirement Income Security Act of 1974 (ERISA).

## AAM Section 8500

## Specialized Industries

.01 The following FASB Statements and Interpretations relate in whole or in part to specialized industries. To the extent they relate to specialized industries, they are not included in these Disclosure Checklists. Users of the checklists should refer directly to applicable authoritative pronouncements when reporting on a specialized industry.

.02 FASB Statements Related to Specialized Accounting and Reporting Principles and Practices

SFAS 12	"Accounting for Certain Marketable Securities"
SFAS 19	"Financial Accounting and Reporting by Oil and Gas Producing Companies"
SFAS 25	"Suspension of Certain Accounting Requirements for Oil and Gas Producing Companies"
SFAS 35	"Accounting and Reporting by Defined Benefit Pension Plans"
SFAS 44	"Accounting for Intangible Assets of Motor Carriers"
SFAS 45	"Accounting for Franchise Fee Revenue"
SFAS 50	"Financial Reporting in the Record and Music Industry"
SFAS 51	"Financial Reporting by Cable Television Companies"
SFAS 53	"Financial Reporting by Producers and Distributors of Motion Picture Films"
SFAS 60	"Accounting and Reporting by Insurance Enterprises"
SFAS 61	"Accounting for Title Plant"
SFAS 63	"Financial Reporting by Broadcasters"
SFAS 65	"Accounting for Certain Mortgage Banking Activities"

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SFAS 66	"Accounting for Sales of Real Estate"
SFAS 67	"Accounting for Costs and Initial Rental Operations of Real Estate Projects"
SFAS 69	"Disclosures about Oil and Gas Producing Activities"
SFAS 71	"Accounting for the Effects of Certain Types of Regulation"
SFAS 72	"Accounting for Certain Acquisitions of Banking or Thrift Institutions"
SFAS 73	"Reporting a Change in Accounting for Railroad Track Structures"
SFAS 75	"Deferral of the Effective Date of Certain Accounting Requirements for Pension Plans of State and Local Governmental Units"
SFAS 86	"Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed"
SFAS 87	"Employers' Accounting for Pensions"
SFAS 88	"Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits"
SFAS 90	"Regulated Enterprises—Accounting for Abandonments and Disallowances of Plant Costs"
SFAS 92	"Regulated Enterprises—Accounting for Phase-in Plans"
SFAS 93	"Recognition of Depreciation by Not-for-Profit Organizations"

.03 FASB Interpretations Related to Industries Having  
Specialized Accounting and Reporting Principles and Practices

- Interpretation 9 "Applying APB Opinion Nos. 16 and 17  
When a Savings and Loan Association or  
a Similar Institution is Acquired in a  
Business Combination Accounted for by the  
Purchase Method: An Interpretation of APB  
Opinion Nos. 16 and 17"
- Interpretation 33 "Applying FASB Statement No. 34 to Oil  
and Gas Producing Operations Accounted  
for by the Full Cost Method: An Inter-  
pretation of FASB Statement No. 34"
- Interpretation 36 "Accounting for Exploratory Wells in  
Progress at the End of a Period: An  
Interpretation of FASB Statement No. 19"
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# **TOTAL**

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